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UBLIC ACCOUNTS

2004 - 2005

**Yukon**  
Finance



PUBLIC ACCOUNTS  
OF THE  
GOVERNMENT OF YUKON  
for the year ended March 31, 2005



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Office of the Minister  
Box 2703, Whitehorse, Yukon Y1A 2C6

October 27, 2005

Mrs. Geraldine Van Bibber  
Administrator of Yukon

In accordance with the provisions of section 8 of the *Financial Administration Act* (Yukon), I have the honour to submit herewith the Public Accounts of the Government of Yukon for the fiscal year ended March 31, 2005.

  
\_\_\_\_\_  
Dennis Fentie  
Minister of Finance

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PUBLIC ACCOUNTS OF THE  
GOVERNMENT OF YUKON

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PART ONE

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of Yukon is the responsibility of management of the Department of Finance.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector. Where GAAP permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these statements.

The Department of Finance maintains systems of financial management and control designed to provide timely and reliable information to users, to properly safeguard assets, and to ensure all financial transactions are in accordance with the *Yukon Act* (Canada), *Financial Administration Act* (Yukon) and regulations.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government, the results of its operations, the change in its net financial resources and its cash flows for the year, in accordance with GAAP for the public sector. During the course of the audit, she also examines transactions that have come to her notice, to ensure they are, in all significant respects, in accordance with the statutory powers of the Government and those organizations included in the consolidation. After completion of the audit, the Auditor General of Canada includes additional information, comments and recommendations in her report to the Legislative Assembly.

Annually, the consolidated financial statements are tabled in the Legislative Assembly as part of the Public Accounts, and are referred to the Public Accounts Committee. The Public Accounts Committee is to report to the Legislative Assembly on the results of its examination together with any recommendations.



Bruce McLennan, CMA  
Deputy Head of the Department of Finance

July 15, 2005

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## AUDITOR'S REPORT

To the Legislative Assembly of Yukon

I have audited the consolidated statement of financial position of the Government of Yukon as at March 31, 2005 and the consolidated statements of operations, change in net financial resources, and cash flows for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 2005 and the results of its operations, the change in its net financial resources, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in my opinion, the transactions of the Government and of those organizations listed in Note 2(a) to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the Government's powers under the *Yukon Act* and the *Financial Administration Act* and regulations and the legislative authorities and by-laws governing the organizations listed in Note 2(a).

*Sheila Fraser*

Sheila Fraser, FCA  
Auditor General of Canada

Ottawa, Canada  
July 15, 2005.

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# GOVERNMENT OF YUKON

## Consolidated Statement of Financial Position as at March 31, 2005

|                                                           | 2005              | 2004                   |
|-----------------------------------------------------------|-------------------|------------------------|
|                                                           |                   | (Restated - Note 3)    |
|                                                           |                   | (thousands of dollars) |
| <b>Financial assets</b>                                   |                   |                        |
| Cash and cash equivalents (Note 4)                        | \$ 60,413         | \$ 41,746              |
| Due from Canada (Note 5)                                  | 71,021            | 59,984                 |
| Accounts receivable (Note 6)                              | 11,619            | 10,203                 |
| Loans receivable (Note 7)                                 | 55,086            | 58,555                 |
| Land held for sale (Note 8)                               | 19,257            | 21,708                 |
| Investment in government business enterprises (Note 9(a)) | 139,784           | 120,037                |
|                                                           | <u>357,180</u>    | <u>312,233</u>         |
| <b>Liabilities</b>                                        |                   |                        |
| Due to Canada (Note 5)                                    | 11,877            | 9,784                  |
| Accounts payable and accrued liabilities (Note 10)        | 55,273            | 37,572                 |
| Deferred revenues                                         | 4,136             | 3,919                  |
| Post-employment benefits (Note 11)                        | 45,503            | 44,445                 |
| Retirement benefits (Note 12)                             | 32,633            | 2,453                  |
| Long-term debt (Note 13)                                  | 29,128            | 30,107                 |
| Capital lease obligations (Note 14)                       | 10,393            | 11,307                 |
|                                                           | <u>188,943</u>    | <u>139,587</u>         |
| <b>Net financial resources</b>                            | <u>168,237</u>    | <u>172,646</u>         |
| <b>Non-financial assets</b>                               |                   |                        |
| Tangible capital assets (Note 15)                         | 813,986           | 802,139                |
| Less deferred capital contributions (Note 16)             | (428,529)         | (415,757)              |
| Inventories of supplies (Note 17)                         | 4,140             | 3,640                  |
| Prepaid expenses                                          | 1,762             | 992                    |
|                                                           | <u>\$ 559,596</u> | <u>\$ 563,660</u>      |
| <b>Accumulated surplus</b>                                |                   |                        |

Contingencies, contractual obligations and guarantees  
(Notes 9, 22, 24, 25 and 26)

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Approved:



Bruce McLennan, CMA  
Deputy Head of the Department of Finance



Dennis Fentie  
Minister of Finance

# GOVERNMENT OF YUKON

## Consolidated Statement of Operations for the year ended March 31, 2005

|                                                                          | 2005                           |                          | 2004                          |
|--------------------------------------------------------------------------|--------------------------------|--------------------------|-------------------------------|
|                                                                          | Main<br>Estimates<br>(Note 21) | Actual                   | Actual<br>(Restated - Note 3) |
|                                                                          | (thousands of dollars)         |                          |                               |
| Revenues (Schedule A)                                                    |                                |                          |                               |
| From Canada                                                              | \$ 510,845                     | \$ 556,993               | \$ 493,319                    |
| Taxes and general revenues                                               | 73,439                         | 76,672                   | 75,431                        |
| Investment income                                                        | 4,749                          | 25,342                   | 9,537                         |
| Funding and service agreements with other parties                        | 21,659                         | 15,318                   | 19,497                        |
| Amortization of deferred capital contributions                           | 15,170                         | 13,102                   | 12,997                        |
|                                                                          | <u>625,862</u>                 | <u>687,427</u>           | <u>610,781</u>                |
| Expenses (Note 19)                                                       |                                |                          |                               |
| Health and social services                                               | 170,105                        | 172,038                  | 158,515                       |
| Community and transportation                                             | 140,797                        | 153,234                  | 132,515                       |
| Education                                                                | 114,545                        | 114,458                  | 105,871                       |
| General government                                                       | 98,680                         | 95,708                   | 84,198                        |
| Natural resources                                                        | 57,894                         | 57,033                   | 51,277                        |
| Justice                                                                  | 37,787                         | 38,637                   | 36,789                        |
| Business, tourism and culture                                            | 34,547                         | 31,061                   | 24,331                        |
| Interest on loans                                                        | 2,986                          | 2,512                    | 2,628                         |
|                                                                          | <u>657,341</u>                 | <u>664,681</u>           | <u>596,124</u>                |
| Recovery of prior years' expenses                                        | -                              | 587                      | 904                           |
| Surplus (deficit) for the year                                           | <u><u>\$ (31,479)</u></u>      | <u>23,333</u>            | <u>15,561</u>                 |
| Accumulated surplus at beginning of year,<br>as previously reported      |                                | 188,389                  | 176,201                       |
| Prior year adjustment (Note 3(a))                                        |                                | <u>375,271</u>           | <u>371,898</u>                |
| Accumulated surplus at beginning of year, restated                       |                                | 563,660                  | 548,099                       |
| Less adjustment to accumulated surplus,<br>beginning of year (Note 3(b)) |                                | <u>(27,397)</u>          | -                             |
| Accumulated surplus at end of year                                       |                                | <u><u>\$ 559,596</u></u> | <u><u>\$ 563,660</u></u>      |

The accompanying notes and schedules are an integral part of these consolidated financial statements.

## GOVERNMENT OF YUKON

Consolidated Statement of Change in Net Financial Resources  
for the year ended March 31, 2005

|                                                                          | 2005                           |                   | 2004                          |
|--------------------------------------------------------------------------|--------------------------------|-------------------|-------------------------------|
|                                                                          | Main<br>Estimates<br>(Note 21) | Actual            | Actual<br>(Restated - Note 3) |
|                                                                          | (thousands of dollars)         |                   |                               |
| Surplus (deficit) for the year                                           | \$ (31,479)                    | \$ 23,333         | \$ 15,561                     |
| Effect of change in tangible capital assets                              |                                |                   |                               |
| Acquisitions                                                             | (59,096)                       | (48,102)          | (281,482)                     |
| Capital contributions received                                           | 25,395                         | 25,912            | 248,471                       |
| Amortization of tangible capital assets                                  | 32,039                         | 34,743            | 30,121                        |
| Amortization of deferred capital contributions                           | (15,170)                       | (13,102)          | (12,997)                      |
| Gain on sale of tangible capital assets                                  | -                              | (51)              | (82)                          |
| Proceeds on sale of tangible capital assets                              | -                              | 1,525             | 168                           |
| Write-down of tangible capital assets                                    | -                              | -                 | 1,317                         |
|                                                                          | (16,832)                       | 925               | (14,484)                      |
| Effect of change in other non-financial assets                           |                                |                   |                               |
| Increase in inventories of supplies                                      | -                              | (500)             | (492)                         |
| Increase in prepaid expenses                                             | -                              | (770)             | (87)                          |
|                                                                          | -                              | (1,270)           | (579)                         |
| Increase (decrease) in net financial resources                           | <u>\$ (48,311)</u>             | <u>22,988</u>     | <u>498</u>                    |
| Net financial resources at beginning of year                             |                                | 172,646           | 172,148                       |
| Less adjustment to accumulated surplus,<br>beginning of year (Note 3(b)) |                                | (27,397)          | -                             |
| Net financial resources at end of year                                   |                                | <u>\$ 168,237</u> | <u>\$ 172,646</u>             |

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

**Consolidated Statement of Cash Flows  
for the year ended March 31, 2005**

|                                                          | 2005                   | 2004             |
|----------------------------------------------------------|------------------------|------------------|
|                                                          | (thousands of dollars) |                  |
| <b>Operating transactions</b>                            |                        |                  |
| Cash received from:                                      |                        |                  |
| Canada                                                   | \$ 548,414             | \$ 518,749       |
| Taxes and general revenues                               | 87,829                 | 81,900           |
| Funding and service agreements with other parties        | 14,559                 | 18,447           |
|                                                          | <u>650,802</u>         | <u>619,096</u>   |
| Cash paid for:                                           |                        |                  |
| Salary, wages and benefits                               | 247,442                | 245,580          |
| Transfer payments                                        | 140,019                | 139,128          |
| Other expenses                                           | 224,538                | 175,718          |
|                                                          | <u>611,999</u>         | <u>560,426</u>   |
| Cash provided by operating transactions                  | <u>38,803</u>          | <u>58,670</u>    |
| <b>Capital transactions</b>                              |                        |                  |
| Acquisition of tangible capital assets                   | (46,279)               | (39,717)         |
| Contributions received for acquisition                   | 20,321                 | 19,660           |
| Proceeds on sale of tangible capital assets              | 1,525                  | 168              |
| Cash used for capital transactions                       | <u>(24,433)</u>        | <u>(19,889)</u>  |
| <b>Investing transactions</b>                            |                        |                  |
| Investment in land held for sale                         | (5,738)                | (3,906)          |
| Proceeds from sale of land held for sale                 | 1,654                  | 650              |
| Loans advanced                                           | (8,461)                | (1,825)          |
| Loans repaid                                             | 18,734                 | 11,121           |
| Cash provided by investing transactions                  | <u>6,189</u>           | <u>6,040</u>     |
| <b>Financing transactions</b>                            |                        |                  |
| Repayment of capital lease obligations                   | (913)                  | (764)            |
| Repayment of long-term debt                              | (979)                  | (2,538)          |
| Cash used for financing transactions                     | <u>(1,892)</u>         | <u>(3,302)</u>   |
| <b>Increase in cash and cash equivalents</b>             | <b>18,667</b>          | <b>41,519</b>    |
| Cash and cash equivalents at beginning of year           | <u>41,746</u>          | <u>227</u>       |
| <b>Cash and cash equivalents at end of year (Note 4)</b> | <b>\$ 60,413</b>       | <b>\$ 41,746</b> |
| <b>Supplemental information</b>                          |                        |                  |
| Interest paid in the year                                | \$ 3,652               | \$ 3,814         |
| Interest received in the year                            | 3,895                  | 4,302            |

The accompanying notes and schedules are an integral part of these consolidated financial statements.

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### 1. Authority and operations

The Government of Yukon (the Government) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

The Yukon Housing Corporation operates under the authority of the *Housing Corporation Act* (Yukon).

### 2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector.

#### (a) Principles of consolidation

The consolidated financial statements include the accounts of the Government and organizations accountable to and controlled by the Government. The entities that exist to deliver the executive functions of the Government are fully consolidated in these financial statements. The entities that are deemed to be government partnerships are accounted for using the proportionate consolidation method. The entities that are deemed to be government business enterprises are accounted for using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business enterprise's accounting principles are not adjusted to conform with those of the government. Thus, the government aggregates a government business enterprise's net assets and net income by adjusting the investment shown in the government's consolidated statement of financial position and by presenting the net income as a separate item on the government's consolidated statement of operations.

The organizations comprising the consolidated government reporting entity, categorized by accounting method are:

#### Fully consolidated:

Government of Yukon  
Yukon Housing Corporation

#### Proportionate consolidation:

19596 Yukon Inc.

#### Modified equity:

Yukon Development Corporation  
Yukon Liquor Corporation  
Yukon Government Fund Limited

In October 1999 the Government, with Northwestel Inc. and another partner, formed a government partnership, 19596 Yukon Inc., in order to carry out the "Connect Yukon" telecommunication infrastructure development project to provide high speed internet services in the Yukon. 19596 Yukon Inc. has been financed with \$10.5 million from the Yukon Government Fund Limited (Note 9(c)). The Government's share of 19596 Yukon Inc. is 24.5%.

Trusts administered by the Government on behalf of other parties (Note 20) are excluded from the consolidated government reporting entity.

## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2005

#### (b) Basis of accounting

##### Revenues

Revenues are recorded on an accrual basis. Income taxes levied, under the *Income Tax Act* (Yukon), are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final.

##### Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when paid or earlier if the terms of a contractual transfer agreement have been met.

Expenses are recovered from Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. The amounts are recorded as recoverable in the year in which the related expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year of adjustment.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for expenses for the current year.

##### Assets

##### Financial assets

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured.

Land held for sale comprises the costs of acquiring, planning and developing serviced lots for eventual sale. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale.

##### Non-financial assets

Tangible capital assets are buildings, roads, equipment, etc. whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated by Canada. For certain tangible capital assets that have previously been received from Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer. Transferred and cost-shared tangible capital assets are recorded upon acquisition with an offsetting deferred capital contribution that represents the value of the contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service, are amortized on a straight-line basis over their estimated useful life. Works of art, historical treasures and crown lands are not recorded.



# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives.

| Asset category                       | Threshold | Estimated useful life |
|--------------------------------------|-----------|-----------------------|
| Land                                 | Nil       | N/A                   |
| Land improvements and fixtures       | \$50,000  | up to 50 years        |
| Buildings                            | \$50,000  | 40 - 50 years         |
| Portable classrooms/housing trailers | \$50,000  | 20 years              |
| Heavy equipment                      | \$10,000  | 7 - 30 years          |
| Operating equipment                  | \$10,000  | 7 - 25 years          |
| Vehicles                             | \$10,000  | 6 - 15 years          |
| Computer hardware                    | \$10,000  | 5 years               |
| Computer software                    | \$100,000 | 7 years               |
| Leasehold improvements               | \$50,000  | Lease term            |
| Highways                             | N/A       | 30 to 50 years        |
| Pavement                             | N/A       | 26 years              |
| Bridges                              | N/A       | 30 to 50 years        |
| Airport runways                      | N/A       | 26 to 50 years        |

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials, and engineering, building and maintenance supplies, and are valued at the lower of cost and replacement value. Other materials and supplies are expensed at the time of acquisition.

### Liabilities

Liabilities include financial claims payable by the Government and deferred revenues.

Deferred revenues are cash received for which goods and services have not been provided by year-end, and are comprised of motor vehicle licence fees and other items for the following fiscal year.

Capital lease obligations are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate at the time the obligation is incurred.

### (c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2005

#### (d) Transfer payments from Canada

The Government receives a grant from Canada pursuant to Bill C-24, *An Act to amend the Federal-Provincial Fiscal Arrangements Act and to make consequential amendments to other Acts (fiscal equalization payments to the provinces and funding to the territories)* (Canada). Entitlements under the Formula Financing Agreement 1999/2000 to 2003/2004 were closed as of March 31, 2005 under this legislation. The legislation specifies the exact entitlement amount for 2004/2005 and 2005/2006. For future years, Yukon's grant is to be determined as a proportion of the aggregate quantum for the three territories specified in the legislation.

Health and social transfer payments are received from Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada). These revenues are recognized when entitlement occurs. Adjustments are made in accordance with the arrangements in the year they are known.

#### (e) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits and accumulated sick, vacation, compensatory and personal leave and travel bonus benefits that are paid in cash when employment is terminated. The Government recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned.

#### (f) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government accounts for contributions to this pension plan as a defined contribution plan and, therefore, the Government's contributions represent its total pension obligations. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet a certain criteria. Liabilities for these benefits are valued on an actuarial basis.

Retirement benefits to Members of the Legislative Assembly and judges are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on services. Pension expenses for these two plans are recognized as members render services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses.

#### (g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to post-employment and retirement benefits, contingencies and revenue accruals. Other estimates, such as Canada health and social transfer payments and corporate and personal income tax revenue are based on estimates made by Canada's Department of Finance and are subject to adjustments in future years.

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### (h) Changes in accounting policies in 2006

In 2005/2006, the Government intends to adopt the Canadian Institute of Chartered Accountants' Public Sector Accounting Board recommendations for the government reporting entity by fully consolidating the Yukon College and the Yukon Hospital Corporation. These organizations are not currently reported as part of the Government reporting entity. This change in accounting policy will be applied retroactively with restatement of prior year amounts.

### 3. Prior year adjustments

#### (a) Change in accounting policy - tangible capital assets

In accordance with the Public Sector Accounting Board recommendations, tangible capital assets are being recognized in the financial statements of the Government commencing with the 2004/2005 fiscal year. Under this revised accounting policy, the costs of tangible capital assets are capitalized and amortized as expenses of operations over their estimated useful service lives. In 2003/2004 and prior years, the costs of tangible capital assets were recognized as expenditures when the assets were acquired or constructed.<sup>1</sup> This change in accounting policy has been applied retroactively and prior year financial statements have been restated. The effect of the change is presented below.

#### (b) Correction of accounting error - extended health care and life insurance retirement benefits

During 2004/2005, the Government corrected an accounting error that relates to extended health care and life insurance benefits for retired employees. Until the fiscal year 2003/2004, the Government accounted for these retirement benefits on a cash basis rather than by the method recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. As the actuarial valuation is not available for the period prior to April 1, 2004, this correction was applied with an adjustment to the opening net financial resources and accumulated surplus and no restatement of comparative amounts. The effect of the change is presented below.

The effects of the above prior-year adjustments on the surplus for the year, net financial resources and the accumulated surplus were as follows (\$ millions):

|                         | 2005                       |                                                   |                                            | 2004                       |                                                   |                                            |
|-------------------------|----------------------------|---------------------------------------------------|--------------------------------------------|----------------------------|---------------------------------------------------|--------------------------------------------|
|                         | Surplus<br>for the<br>year | Net<br>financial<br>resources<br>April 1,<br>2004 | Accumulated<br>surplus<br>April 1,<br>2004 | Surplus<br>for the<br>year | Net<br>financial<br>resources<br>April 1,<br>2003 | Accumulated<br>surplus<br>April 1,<br>2003 |
|                         | Increase (decrease)        |                                                   |                                            |                            |                                                   |                                            |
| Tangible capital assets | \$ (0.9)                   | \$ -                                              | \$ 375.3 <sup>1</sup>                      | \$ 3.4 <sup>1</sup>        | \$ -                                              | \$ 371.9                                   |
| Retirement benefits     | (2.6)                      | (27.4)                                            | (27.4)                                     | -                          | -                                                 | -                                          |
| Total effect            | \$ (3.5)                   | \$ (27.4)                                         | \$ 347.9                                   | \$ 3.4                     | \$ -                                              | \$ 371.9                                   |

<sup>1</sup> Leased capital assets were capitalized in the fiscal year 2003/2004. This change in accounting policy was applied prospectively. As at April 1, 2004, the net book value of the leased capital assets that were reported as part of tangible capital assets was \$11.1 million.

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### 4. Cash and cash equivalents

|                        | 2005                   | 2004             |
|------------------------|------------------------|------------------|
|                        | (thousands of dollars) |                  |
| Short-term investments | \$ 42,793              | \$ 35,075        |
| Bank balances          | 17,552                 | 6,603            |
| Cash on hand           | 68                     | 68               |
|                        | <u>\$ 60,413</u>       | <u>\$ 41,746</u> |

Cash and cash equivalents include cash on hand, balances with banks and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

### 5. Due from/to Canada

|                                                                    | 2005                   | 2004             |
|--------------------------------------------------------------------|------------------------|------------------|
|                                                                    | (thousands of dollars) |                  |
| Due from Canada                                                    |                        |                  |
| Cost-sharing agreements and projects delivered on behalf of Canada | \$ 56,136              | \$ 36,213        |
| Federal grant receivable                                           | 14,808                 | 20,516           |
| Other                                                              | 77                     | 3,255            |
|                                                                    | <u>\$ 71,021</u>       | <u>\$ 59,984</u> |
| Due to Canada                                                      |                        |                  |
| Public Service Pension Plan contribution payable                   | \$ 3,685               | \$ 3,147         |
| RCMP                                                               | 3,381                  | 3,415            |
| Payroll deductions payable                                         | 3,140                  | 2,795            |
| Other                                                              | 1,671                  | 427              |
|                                                                    | <u>\$ 11,877</u>       | <u>\$ 9,784</u>  |

Amounts due from and due to Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

### 6. Accounts receivable

|                                               | 2005                   | 2004             |
|-----------------------------------------------|------------------------|------------------|
|                                               | (thousands of dollars) |                  |
| Taxes, interest and other revenue receivables | \$ 8,801               | \$ 8,453         |
| Less valuation allowances                     | (1,223)                | (1,203)          |
|                                               | 7,578                  | 7,250            |
| Due from Territorial corporations             | 4,041                  | 2,953            |
|                                               | <u>\$ 11,619</u>       | <u>\$ 10,203</u> |

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### 7. Loans receivable

|                                                                                                                                                      | <u>2005</u>            | <u>2004</u>      |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------|
|                                                                                                                                                      | (thousands of dollars) |                  |
| Mortgages receivable, due in varying annual amounts to the year 2022, bearing interest rates ranging from 0.0% to 8.3%                               | \$ 36,536              | \$ 41,191        |
| Debenture loans to municipalities, due in varying annual amounts to the year 2030, bearing interest rates ranging from 5.0% to 11.4%                 | 8,871                  | 8,985            |
| Agreements for sale, due in varying annual amounts over a three or five year term to the year 2010, bearing interest rates ranging from 4.8% to 8.5% | 5,742                  | 4,584            |
| Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 13.6%           | 3,474                  | 3,783            |
| Local improvement loans, due in varying annual amounts to the year 2035, bearing interest rates ranging from 2.3% to 13.8%                           | 2,957                  | 2,684            |
| Others                                                                                                                                               | 599                    | 500              |
| Less valuation allowances                                                                                                                            | <u>(3,093)</u>         | <u>(3,172)</u>   |
|                                                                                                                                                      | <u>\$ 55,086</u>       | <u>\$ 58,555</u> |

### 8. Land held for sale

|                        | <u>2005</u>            | <u>2004</u>      |
|------------------------|------------------------|------------------|
|                        | (thousands of dollars) |                  |
| Raw land               | \$ 45                  | \$ 45            |
| Land under development | 5,479                  | 8,042            |
| Finished land          | <u>13,733</u>          | <u>13,621</u>    |
|                        | <u>\$ 19,257</u>       | <u>\$ 21,708</u> |

Land held for sale is affected by the Yukon First Nations land claims negotiations. At March 31, 2005, \$3.4 million (2004 - \$4.1 million) of finished land is included in the scope of existing land claims. Recovery of costs of the land selected in land claims settlements is to be provided for by Canada as per provisions of the Bilateral Agreement of June 24, 1993.

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### 9. Investments in government business enterprises

#### (a) Summary financial statements

Summary financial statements of the government entities accounted for by the modified equity method are provided below. The Yukon Development Corporation and the Yukon Government Fund Limited have a fiscal year end of December 31. In the fiscal year 2004/2005, to conform to the Government's fiscal year end, the interim financial statements from January 1, 2004 to March 31, 2005 (15 months) were used to account for the Yukon Development Corporation and the Yukon Government Fund Limited. In future years, these entities will be reported based on a twelve month accounting period. The Yukon Liquor Corporation has a fiscal year end of March 31.

|                                    | Yukon<br>Development<br>Corporation | Yukon<br>Government<br>Fund Limited | Yukon<br>Liquor<br>Corporation | 2005<br>Total     | 2004<br>Total     |
|------------------------------------|-------------------------------------|-------------------------------------|--------------------------------|-------------------|-------------------|
| (thousands of dollars)             |                                     |                                     |                                |                   |                   |
| Balance Sheet                      |                                     |                                     |                                |                   |                   |
| Assets                             |                                     |                                     |                                |                   |                   |
| Current                            | \$ 15,358                           | \$ 10,687                           | \$ 3,589                       | \$ 29,634         | \$ 18,432         |
| Investments                        | 3,397                               | -                                   | -                              | 3,397             | 3,905             |
| Capital assets                     | 157,884                             | -                                   | 2,364                          | 160,248           | 161,472           |
| Other                              | 11,837                              | 5,438                               | -                              | 17,275            | 26,037            |
|                                    | <u>\$ 188,476</u>                   | <u>\$ 16,125</u>                    | <u>\$ 5,953</u>                | <u>\$ 210,554</u> | <u>\$ 209,846</u> |
| Liabilities                        |                                     |                                     |                                |                   |                   |
| Current                            | \$ 6,027                            | \$ 7,264                            | \$ 3,022                       | \$ 16,313         | \$ 9,049          |
| Long-term debt                     | 22,676                              | 7,750                               | -                              | 30,426            | 57,410            |
| Other                              | 23,348                              | 116                                 | 567                            | 24,031            | 23,350            |
| Equity                             | <u>136,425</u>                      | <u>995</u>                          | <u>2,364</u>                   | <u>139,784</u>    | <u>120,037</u>    |
|                                    | <u>\$ 188,476</u>                   | <u>\$ 16,125</u>                    | <u>\$ 5,953</u>                | <u>\$ 210,554</u> | <u>\$ 209,846</u> |
| Statement of Operations and Equity |                                     |                                     |                                |                   |                   |
| Revenues                           | \$ 50,716                           | \$ 1,119                            | \$ 11,492                      | \$ 63,327         | \$ 39,334         |
| Expenses                           | <u>31,173</u>                       | <u>666</u>                          | <u>6,146</u>                   | <u>37,985</u>     | <u>29,797</u>     |
| Surplus                            | 19,543                              | 453                                 | 5,346                          | 25,342            | 9,537             |
| Remitted to the Government         | -                                   | -                                   | (5,595)                        | (5,595)           | (5,716)           |
| Equity, beginning of year          | <u>116,882</u>                      | <u>542</u>                          | <u>2,613</u>                   | <u>120,037</u>    | <u>116,216</u>    |
| Equity, end of year                | <u>\$ 136,425</u>                   | <u>\$ 995</u>                       | <u>\$ 2,364</u>                | <u>\$ 139,784</u> | <u>\$ 120,037</u> |

Equity represents the Government's investment in the government business enterprises.

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### (b) Inter-entity balances and transactions

|                             | Yukon<br>Development<br>Corporation | Yukon<br>Government<br>Fund Limited | Yukon<br>Liquor<br>Corporation | 2005<br>Total | 2004<br>Total |
|-----------------------------|-------------------------------------|-------------------------------------|--------------------------------|---------------|---------------|
| (thousands of dollars)      |                                     |                                     |                                |               |               |
| Government of Yukon:        |                                     |                                     |                                |               |               |
| Accounts receivable from \$ | 192                                 | \$ -                                | \$ 1,690                       | \$ 1,882      | \$ 1,184      |
| Loans receivable from       | -                                   | 116                                 | -                              | 116           | 116           |
| Accounts payable to         | 1,152                               | -                                   | 1,160                          | 2,312         | 51            |
| Long-term obligations to    | 3,567                               | 2,573                               | -                              | 6,140         | 6,686         |
| Revenues from               | 294                                 | -                                   | 270                            | 564           | 786           |
| Expenses to                 | 9,751                               | 244                                 | -                              | 9,995         | 7,240         |

### (c) Commitments

#### Yukon Government Fund Limited

On January 4, 1999 the Yukon Government Fund Limited finalized a Confidential Offering Memorandum for filing with the Business Immigration Division, Department of Citizenship and Immigration Canada. The offering expired on March 31, 1999. The company has obtained \$15.0 million (2004 - \$15.0 million) from investors, of which \$3.0 million (2004 - \$3.0 million) is restricted. \$10.5 million (2004 - \$10.5 million) has been loaned to 19596 Yukon Inc. (Note 2(a)). The company has committed to use the remaining proceeds of the offering to invest in eligible businesses in the Yukon.

The \$15.0 million due to investors is repayable as follows:

|      |                        |
|------|------------------------|
|      | (thousands of dollars) |
| 2006 | \$ 7,250               |
| 2007 | 7,250                  |
| 2008 | 250                    |
| 2009 | 250                    |
|      | <hr/>                  |
|      | \$ 15,000              |

### (d) Guarantees

The Government has guaranteed debts of the Yukon Development Corporation of \$24.1 million (2004 - \$42.4 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Energy Corporation, a wholly owned subsidiary of the Yukon Development Corporation, of up to \$10.0 million. It is expected that no significant costs will be incurred by the Government with respect to these guarantees.

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### 10. Accounts payable and accrued liabilities

|                                              | 2005                   | 2004             |
|----------------------------------------------|------------------------|------------------|
|                                              | (thousands of dollars) |                  |
| Accounts payable                             | \$ 24,256              | \$ 18,255        |
| Accrued liabilities                          | 23,793                 | 14,790           |
| Due to Territorial corporations              | 5,424                  | 2,915            |
| Contractors' holdbacks and security deposits | 1,800                  | 1,612            |
|                                              | <u>\$ 55,273</u>       | <u>\$ 37,572</u> |

### 11. Post-employment benefits

|                           | 2005                   | 2004             |
|---------------------------|------------------------|------------------|
|                           | (thousands of dollars) |                  |
| Severance benefits        | \$ 22,860              | \$ 22,362        |
| Sick leave obligation     | 12,487                 | 12,135           |
| Vacation leave obligation | 9,585                  | 9,395            |
| Other                     | 571                    | 553              |
|                           | <u>\$ 45,503</u>       | <u>\$ 44,445</u> |

Severance benefits are paid on termination of service or upon retirement.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by daily pay rate at termination or retirement.

Other benefit obligations include unused compensatory and personal leave and travel bonus benefits.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. The obligation for compensatory and personal leave and travel bonus benefits is calculated assuming all employees would cash in those benefits on the valuation date. In projecting the accrued obligation for these benefits as at March 31, 2005, the actuary assumed a discount rate of 6.0% and general inflation of 2.5%. The actuary further assumed that general salary increases would be in line with inflation at 2.5% per annum.

Expenses related to post-employment benefits for the year ended March 31, 2005 were \$5,137,000 (2004 - \$6,619,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$4,079,000 (2004 - \$3,732,000).



## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2005

#### 12. Retirement benefits

##### (a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits at 2% per year of pensionable service based on their five consecutive years of highest paid services. The Government contributes at a basic rate of 2.14 times the employee's contribution. The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$26,088,000 (2004 - \$19,900,000). The large increase in 2005 pension contribution expenses was due to recognition of the Government's obligation for the employer contribution on the buy-back option elected by employees. The buy-back contribution expenses recognized in 2004/2005 amounted to \$5,559,000.

##### (b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

During the fiscal year 2004/2005, the Members' Services Board transferred the fund assets being held by the Government to cover the liabilities of the Plan to an investment manager (Note 20). The funds transferred are held in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid. It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The most recent valuation for funding purposes was conducted as at March 31, 2005. The results of this valuation indicate that the plan was fully funded with a surplus of \$4,694,000.

The accrued benefit obligation as at March 31, 2005 is based on an extrapolation of a valuation conducted as at March 31, 2002 using best estimate assumptions accepted by the Members' Services Board of the Legislative Assembly (Schedule C). Valuation information based on March 31, 2005 membership data will be reflected in the 2006 financial statements.

##### (c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a non-contributory defined benefit pension plan. In this plan, benefits are accrued at an annual rate of 3% based on the judges' highest twenty-four months of pensionable earnings. Benefit costs under this plan are offset by benefits paid under the Public Service Pension Plan and the Retirement Compensation Arrangement which are contributory plans. The *Territorial Court Judiciary Pension Plan Act* (Yukon) stipulates that no fund is to be maintained for this plan.

The actuarial report for this plan was prepared at March 31, 2002. The accrued benefit obligation shown for 2005 is based on an extrapolation of that 2002 valuation (Schedule C).

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### (d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both defined benefit plans. The extended health care plan is self-insured. As at March 31, 2005, the Government paid approximately 65% of the extended health care benefit costs and 100% of the life insurance premium for participating retirees. An actuarial valuation of these benefits was conducted as of April 1, 2004 (Schedule C). There are no plan assets.

The retirement benefit liabilities of the Government as of March 31, 2005 were as follows:

|                                                         | 2005                   | 2004            |
|---------------------------------------------------------|------------------------|-----------------|
|                                                         | (thousands of dollars) |                 |
| Pension and retirement benefit liabilities (Schedule C) |                        |                 |
| Extended health care retirement benefits (Note 3(b))    | \$ 28,928              | \$ -            |
| Territorial Court Judiciary Pension Plan                | 2,608                  | 2,335           |
| Life insurance retirement benefits (Note 3(b))          | 1,021                  | -               |
| Legislative Assembly Retirement Allowances Plan         | 76                     | 118             |
|                                                         | <u>\$ 32,633</u>       | <u>\$ 2,453</u> |

### 13. Long-term debt

Mortgages, with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments with maturities up to the year 2023, bearing fixed interest rates ranging from 5.0% to 12.5%. Fair value is estimated at \$19,435,000 (2004 - \$20,331,000).

|  | 2005                   | 2004      |
|--|------------------------|-----------|
|  | (thousands of dollars) |           |
|  | \$ 18,635              | \$ 19,421 |

Canada Mortgage and Housing Corporation loans, repayable in blended annual payments with maturities up to the year 2028, bearing fixed interest rates ranging from 5.0% to 13.3%. Fair value is estimated at \$4,450,000 (2004 - \$4,978,000).

|  |       |       |
|--|-------|-------|
|  | 4,194 | 4,387 |
|--|-------|-------|

Loans from Canada, repayable in annual instalments with maturities up to the year 2008, bearing fixed interest rates ranging from 9.0% to 11.1%. Fair value is estimated at \$3,326,000 (2004 - \$3,156,000).

|  |       |       |
|--|-------|-------|
|  | 3,726 | 3,726 |
|--|-------|-------|

Loans from the Yukon Government Fund Limited, repayable 60 months after advance with maturities up to the year 2007, bearing a fixed interest rate of 7.7% calculated and compounded semi-annually and payable monthly. Fair value is estimated at \$2,449,000 (2004 - \$2,324,000).

|  | 2,573            | 2,573            |
|--|------------------|------------------|
|  | <u>\$ 29,128</u> | <u>\$ 30,107</u> |

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

Principal repayment requirements over the next five years on outstanding loans are as follows:

|            | (thousands of dollars) |
|------------|------------------------|
| 2006       | \$ 2,349               |
| 2007       | 3,023                  |
| 2008       | 4,417                  |
| 2009       | 1,348                  |
| 2010       | 1,594                  |
| Thereafter | <u>16,397</u>          |
|            | <u>\$ 29,128</u>       |

### Debt authority

Canada, pursuant to subsection 23(2) of the *Yukon Act* (Canada), has approved the Government borrowing up to \$138 million.

|                                                 | 2005                   | 2004             |
|-------------------------------------------------|------------------------|------------------|
|                                                 | (thousands of dollars) |                  |
| Debt of the consolidated entities:              |                        |                  |
| Government business enterprises                 |                        |                  |
| Yukon Development Corporation, long-term debt   | \$ 24,135              | \$ 42,410        |
| Yukon Government Fund Limited, term loans       | <u>15,000</u>          | <u>15,000</u>    |
|                                                 | <u>39,135</u>          | <u>57,410</u>    |
| Fully and proportionately consolidated entities |                        |                  |
| Yukon Housing Corporation, mortgages payable    | 18,635                 | 19,421           |
| Yukon Housing Corporation, CMHC loans           | 4,194                  | 4,387            |
| Government of Yukon, long-term debt             | 3,726                  | 3,726            |
| 19596 Yukon Inc., term loans                    | <u>2,573</u>           | <u>2,573</u>     |
|                                                 | <u>29,128</u>          | <u>30,107</u>    |
| Total debt                                      | 68,263                 | 87,517           |
| Authorized borrowing limit                      | <u>138,000</u>         | <u>138,000</u>   |
| Available borrowing capacity                    | <u>\$ 69,737</u>       | <u>\$ 50,483</u> |

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2005

14. Capital lease obligations

|                                                                                                                                                                                                  | <u>2005</u>            | <u>2004</u>      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------|
|                                                                                                                                                                                                  | (thousands of dollars) |                  |
| Building lease obligation payable monthly until the year 2012, with imputed interest rate of 11.0%. The building is to be transferred to the Government for \$1.00 at the end of the lease term. | \$ 3,567               | \$ 3,936         |
| Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.                                                                                              | 3,110                  | 3,303            |
| Building lease obligation payable monthly until the year 2012, with imputed interest rate of 6.0%                                                                                                | 2,813                  | 3,069            |
| Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.                                                                                              | <u>903</u>             | <u>999</u>       |
|                                                                                                                                                                                                  | <u>\$ 10,393</u>       | <u>\$ 11,307</u> |

Interest expense related to capital lease obligations for the year was \$1,140,000 (2004 - \$1,169,000) at an imputed average interest rate of 10.9% (2004 - 10.9%). The following is a schedule of future minimum lease payments under the capital lease obligations.

|                                           | (thousands of dollars) |
|-------------------------------------------|------------------------|
| 2006                                      | \$ 2,823               |
| 2007                                      | 2,841                  |
| 2008                                      | 2,841                  |
| 2009                                      | 2,841                  |
| 2010                                      | 2,841                  |
| Beyond 2010                               | <u>6,291</u>           |
| Total minimum lease payments              | 20,478                 |
| Less: amount representing executory costs | (4,323)                |
| amount representing rental of land        | (1,396)                |
| amount representing interest              | <u>(4,366)</u>         |
|                                           | <u>\$ 10,393</u>       |

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### 15. Tangible Capital Assets

|                                | 2005                   | 2004              |
|--------------------------------|------------------------|-------------------|
|                                | Net Book Value         | Net Book Value    |
|                                | (Restated – Note 3)    |                   |
|                                | (thousands of dollars) |                   |
| Land                           | \$ 6,776               | \$ 6,011          |
| Buildings                      | 279,918                | 290,110           |
| Equipment and vehicles         | 29,859                 | 31,406            |
| Computer hardware and software | 6,208                  | 6,629             |
| Transportation infrastructure  | 485,604                | 462,782           |
| Other                          | 5,621                  | 5,201             |
| (Schedule B)                   | <u>\$ 813,986</u>      | <u>\$ 802,139</u> |

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total insured value of \$2.3 million (2004 - \$2.1 million).

Leased capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$960,000 (2004 - \$960,000). The cost and accumulated amortization of leased capital assets that are included in the statement of tangible capital assets are as follows:

|                               | 2005                   | 2004                   |
|-------------------------------|------------------------|------------------------|
|                               | (thousands of dollars) | (thousands of dollars) |
| Buildings (cost)              | \$ 12,071              | \$ 12,071              |
| Less accumulated amortization | (1,920)                | (960)                  |
|                               | <u>\$ 10,151</u>       | <u>\$ 11,111</u>       |

### 16. Deferred capital contributions

Where the fair value has been capitalized for tangible capital assets that were transferred from a third party, e.g. Canada, an offset is recorded as a deferred capital contribution. Funding received for the acquisition, development, construction or betterment of tangible capital assets is also treated as a deferred capital contribution. The most significant of these assets are highways, bridges and airport infrastructure. The deferred capital contribution is recognized as revenue over the useful life of the related asset.

|                                                          | 2005                   | 2004                   |
|----------------------------------------------------------|------------------------|------------------------|
|                                                          | (thousands of dollars) | (Restated – Note 3)    |
|                                                          | (thousands of dollars) | (thousands of dollars) |
| Deferred capital contributions, beginning of year        | \$ 415,757             | \$ 180,307             |
| Add: Assets transferred or funded during the year        | 25,912                 | 248,471                |
| Less: Disposal                                           | (38)                   | (24)                   |
| Amortization                                             | (13,102)               | (12,997)               |
| Deferred capital contributions, end of year (Schedule B) | <u>\$ 428,529</u>      | <u>\$ 415,757</u>      |

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2005

17. Inventories of supplies

|                       | 2005                   | 2004            |
|-----------------------|------------------------|-----------------|
|                       | (thousands of dollars) |                 |
| Highways materials    | \$ 2,641               | \$ 2,214        |
| Garage parts and fuel | 1,078                  | 1,002           |
| Central stores        | 421                    | 424             |
|                       | <u>\$ 4,140</u>        | <u>\$ 3,640</u> |

18. Grant from Canada

|                                                         | 2005                   | 2004              |
|---------------------------------------------------------|------------------------|-------------------|
|                                                         | (thousands of dollars) |                   |
| Formula Financing grant entitlement                     | \$ 465,708             | \$ 427,714        |
| Adjustments in respect of:                              |                        |                   |
| Census                                                  | -                      | (15,187)          |
| Escalator data adjustment                               | 6,700                  | -                 |
| Formula financing escalators                            | 12,492                 | 10,785            |
| Tax effort adjustment factors                           | (2,099)                | 1,173             |
| Own source revenues and recoveries                      | (11,849)               | 1,720             |
| GEB adjustments                                         | (7)                    | -                 |
| Formula Financing grant                                 | 470,945                | 426,205           |
| Adjustments in respect of resource revenue offsets      | 51                     | (70)              |
| Grant from Canada per Schedule of Revenues (Schedule A) | <u>\$ 470,996</u>      | <u>\$ 426,135</u> |

19. Expenses by object

|                                                          | 2005                   | 2004                |
|----------------------------------------------------------|------------------------|---------------------|
|                                                          |                        | (Restated – Note 3) |
|                                                          | (thousands of dollars) |                     |
| Personnel                                                | \$ 257,904             | \$ 242,171          |
| Transfer payments                                        | 141,452                | 139,517             |
| Contract and special services                            | 100,935                | 69,852              |
| Materials, supplies and utilities                        | 73,129                 | 68,144              |
| Amortization expenses                                    | 34,743                 | 30,121              |
| Communication and transportation                         | 21,117                 | 33,327              |
| Interest on long-term debt and capital lease obligations | 3,652                  | 4,196               |
| Other                                                    | 31,749                 | 8,796               |
|                                                          | <u>\$ 664,681</u>      | <u>\$ 596,124</u>   |

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### 20. Trust assets

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. The remaining trust assets are invested primarily in short-term and long-term bonds.

Investments are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

During the fiscal year 2004/2005, the Legislative Assembly Retirement Allowances fund assets were transferred from the Government to an external investment manager (Note 12(b)). The fund asset balance as of March 31, 2004 was \$18,571,000.

|                                      | 2005                   | 2004              |
|--------------------------------------|------------------------|-------------------|
|                                      | (thousands of dollars) |                   |
| Compensation Fund (Yukon)            | \$ 137,781             | \$ 128,578        |
| Water Resources Bonds                | 2,895                  | -                 |
| Land Title Office – Assurance Fund   | 2,470                  | 2,332             |
| Lottery Commission                   | 2,283                  | 2,769             |
| Crime Prevention and Victim Services | 2,165                  | 2,250             |
| Forest Sector Fund                   | 2,078                  | 1,035             |
| Historic Resources Trust Fund        | 1,148                  | 1,144             |
| Public Administrator                 | 1,117                  | 831               |
| Other                                | 1,913                  | 20,419            |
|                                      | <u>\$ 153,850</u>      | <u>\$ 159,358</u> |

### 21. Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2004. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

### 22. Contractual obligations

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2005.

|                                       | Expiry Date | 2006                   | 2007 – 2016       | Total             |
|---------------------------------------|-------------|------------------------|-------------------|-------------------|
|                                       |             | (thousands of dollars) |                   |                   |
| Capital projects                      |             |                        |                   |                   |
| - in progress at March 31, 2005       | 2007        | \$ 27,790              | \$ 53,300         | \$ 81,090         |
| (recoverable amount)                  |             | (26,945)               | (50,650)          | (77,595)          |
| RCMP policing agreement               | 2012        | 11,763                 | 78,371            | 90,134            |
| Building/office space leases          | 2016        | 7,363                  | 26,406            | 33,769            |
| Miscellaneous operational commitments | 2007        | 8,936                  | 1,364             | 10,300            |
|                                       |             | <u>\$ 28,907</u>       | <u>\$ 108,791</u> | <u>\$ 137,698</u> |

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### 23. Overexpenditure

During the year, two (2004 - two) departments exceeded their votes with a total of \$6,988,000 (2004 - \$819,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that "a vote does not authorize any payment to be made in excess of the amount specified in the vote".

(thousands of dollars)

The votes that were overexpended are as follows:

|                            |          |
|----------------------------|----------|
| Operations and maintenance |          |
| Public Service Commission  | \$ 6,884 |
| Justice                    | 104      |

The *Appropriation Acts* (Yukon) states that the Government is not to expend grant payments in excess of the amounts specified in the Acts. During the year, four (2004 - four) departments exceeded the authorized amounts as follows:

|                                               |       |
|-----------------------------------------------|-------|
| Operations and maintenance grants             |       |
| Community Services                            |       |
| - Home owner grants                           | \$ 38 |
| - Comprehensive municipal grants              | 1     |
| Education                                     |       |
| - Post secondary student grants               | 157   |
| Environment                                   |       |
| - Canadian Cooperative Wildlife Health Centre | 1     |
| Health and Social Services                    |       |
| - Adoption subsidies                          | 27    |
| - Child care operating grants                 | 21    |
| - Child care subsidies                        | 181   |
| - Federal child benefit - Whitehorse          | 38    |
| - Pioneer utility grant                       | 130   |
| - Medical travel subsidies                    | 8     |
| - Federal child benefit - region              | 28    |

### 24. Land claims

Between February 1995 and March 31, 2005, nine Yukon First Nation Final and Self-government Agreements came into effect. Two additional Yukon First Nations have concluded negotiations since March 31, 2005. Negotiations with the remaining three Yukon First Nations and one trans-boundary First Nation were in hiatus during 2004/2005 and discontinued effective March 31, 2005. Settlements of these outstanding claims would not result in a general liability to the Government as they are to be funded by Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The Government signed a bilateral funding agreement with Canada on June 24, 1993 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government expended \$3.8 million during the year (2004 - \$4.6 million) with cumulative expenditures of approximately \$31.8 million (2004 - \$28.0 million), of which \$30.7 million (2004 - \$27.0 million) was funded by Canada.



## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2005

#### 25. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2005 the Government estimated the total claimed amount to be about \$5.3 million (2004 - \$2.7 million). No liability has been admitted and no provision for claims is included in these financial statements.

#### 26. Environmental liabilities

The Government recognizes that there are liabilities for restoration of the environment on land that is administered and controlled by the Government (Commissioner's Land). The Government does not actively search for contaminated sites, and is only aware of those that are brought to its attention. Consequently, there may be other as yet unidentified sites.

As at March 31, 2005 the Government was aware of 57 sites on Commissioner's Land where environmental liabilities either exist or may exist. Of these, 12 sites are airports and are subject to the airport transfer agreements between the Government and Transport Canada. For two of these airports ("A" airports), Transport Canada has assumed responsibility for assessment and remediation costs; at the remaining 10 ("B" and "C" airports) Transport Canada maintains that the transfer agreement does not obligate them to undertake any assessment or remediation. 23 sites are highway maintenance camps, the majority of which are awaiting assessment dependent on funding availability. Quantifiable portions of remediation costs for some of the sites that have been at least partially assessed are currently estimated at \$700,000. 20 are active or decommissioned landfill sites; some monitoring is occurring at four of these sites but no assessment work has been done. Of the remaining two sites, one has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site but may incur some future environmental liability as the landowner. The last site has had remedial work done at a cost of \$70,000.

Effective April 1, 2003 the Government assumed administration and regulatory responsibility for lands transferred from the Northern Affairs Program of the Department of Indian Affairs and Northern Development (DIAND), Canada. Two main categories of sites were identified in the Devolution Transfer Agreement (DTA); waste sites for which Canada retained responsibility for the clean-up, and seven mine sites identified as Type II sites.

Canada committed to allocate funding of \$20 million over 10 years to remediate those waste sites for which they retained responsibility for clean-up as well as newly discovered sites that were created while under the control of DIAND. No explicit funding was identified in the DTA to cover the costs associated with clean-up for the seven Type II sites, as none of the sites were abandoned at the time. Canada did however, under the DTA, accept financial responsibility for the remediation of impacts attributable to activities that took place prior to April 1, 2003. Since then, Canada has established dedicated funding under the Federal Contaminated Sites Accelerated Action Plan, for the clean-up of contaminated sites, including Yukon sites. While detailed closure plans have not been prepared, closure estimates range between \$250 million and \$300 million for the four sites currently under government care. Work plans and budgets are approved each year for these sites with funding being provided by Canada. The other three Type II mine sites are currently active sites under their owners' control. The Government continues to work with DIAND to ensure there is no inadvertent transfer of environmental liability from DIAND to the Government for pre-existing environmental liabilities at these sites.

# GOVERNMENT OF YUKON

## Notes to Consolidated Financial Statements March 31, 2005

### 27. Related parties

Related party transactions not disclosed elsewhere in the financial statements are as follows:

|                               | <u>2005</u>            | <u>2004</u>      |
|-------------------------------|------------------------|------------------|
|                               | (thousands of dollars) |                  |
| Transfer payments             |                        |                  |
| Yukon Hospital Corporation    | \$ 26,573              | \$ 24,238        |
| Yukon College                 | 16,536                 | 14,578           |
| Yukon Legal Services Society  | 1,593                  | 1,384            |
| Yukon Arts Centre Corporation | 883                    | 847              |
| Yukon Human Rights Commission | <u>515</u>             | <u>371</u>       |
|                               | <u>\$ 46,100</u>       | <u>\$ 41,418</u> |

### 28. Comparative figures

Certain comparative figures for 2004 have been reclassified to conform with the 2005 presentation.

## GOVERNMENT OF YUKON

Schedule A

Consolidated Schedule of Revenues by Source  
for the year ended March 31, 2005

|                                                   | 2005                           |                   | 2004                          |
|---------------------------------------------------|--------------------------------|-------------------|-------------------------------|
|                                                   | Main<br>Estimates<br>(Note 21) | Actual            | Actual<br>(Restated - Note 3) |
|                                                   | (thousands of dollars)         |                   |                               |
| From Canada                                       |                                |                   |                               |
| Grant from Canada (Note 18)                       | \$ 434,339                     | \$ 470,996        | \$ 426,135                    |
| Canada health and social transfers                | 34,441                         | 34,790            | 30,322                        |
| Other funding and service agreements              | 42,065                         | 51,207            | 36,862                        |
|                                                   | 510,845                        | 556,993           | 493,319                       |
| Taxes and general revenues                        |                                |                   |                               |
| Income taxes                                      | 39,883                         | 43,031            | 40,888                        |
| Other taxes                                       | 19,155                         | 18,996            | 18,864                        |
| Licences, permits and fees                        | 6,838                          | 7,992             | 7,635                         |
| Oil and gas resource revenue                      | 5,928                          | 2,184             | 3,116                         |
| Interest - bank and other                         | 441                            | 1,081             | 1,121                         |
| Net profit - restricted funds                     | -                              | 717               | 103                           |
| Aviation operations                               | 728                            | 646               | 804                           |
| Gain on sale of lots                              | -                              | 634               | 876                           |
| Equipment lease                                   | -                              | 521               | 416                           |
| Fines                                             | 408                            | 435               | 473                           |
| Land and mineral leases and royalties             | -                              | 250               | 317                           |
| Other revenues                                    | 58                             | 185               | 818                           |
|                                                   | 73,439                         | 76,672            | 75,431                        |
| Investment income                                 |                                |                   |                               |
| Yukon Development Corporation                     | -                              | 19,543            | 3,914                         |
| Yukon Liquor Corporation                          | 4,749                          | 5,346             | 5,371                         |
| Yukon Government Fund Limited                     | -                              | 453               | 252                           |
|                                                   | 4,749                          | 25,342            | 9,537                         |
| Funding and service agreements with other parties | 21,659                         | 15,318            | 19,497                        |
| Amortization of deferred capital contributions    | 15,170                         | 13,102            | 12,997                        |
|                                                   | <u>\$ 625,862</u>              | <u>\$ 687,427</u> | <u>\$ 610,781</u>             |

## GOVERNMENT OF YUKON

Schedule B

Consolidated Schedule of Tangible Capital Assets  
for the year ended March 31, 2005

|                                                        | Land                   | Buildings         | Equipment<br>and<br>Vehicles | Computer<br>Hardware and<br>Software | Transportation<br>Infrastructure | Other <sup>1</sup> | 2005<br>Total<br>(Note 15) | 2004<br>Total<br>(Restated<br>- Note 3) <sup>2</sup> |
|--------------------------------------------------------|------------------------|-------------------|------------------------------|--------------------------------------|----------------------------------|--------------------|----------------------------|------------------------------------------------------|
|                                                        | (thousands of dollars) |                   |                              |                                      |                                  |                    |                            |                                                      |
| Cost of tangible capital assets, opening<br>(Restated) | \$ 6,011               | \$ 448,565        | \$ 71,282                    | \$ 20,075                            | \$ 545,811                       | \$ 5,657           | \$ 1,097,401               | \$ 855,113                                           |
| Acquisitions                                           | 765                    | 3,547             | 4,013                        | 922                                  | 33,468                           | 2,722              | 45,437                     | 244,530 <sup>3</sup>                                 |
| Write-downs                                            | -                      | -                 | -                            | -                                    | -                                | -                  | -                          | -                                                    |
| Disposals                                              | -                      | (102)             | (3,348)                      | (67)                                 | (141)                            | (404)              | (4,062)                    | (2,242)                                              |
| Cost of tangible capital assets, closing               | 6,776                  | 452,010           | 71,947                       | 20,930                               | 579,138                          | 7,975              | 1,138,776                  | 1,097,401                                            |
| Accumulated amortization, opening<br>(Restated)        | -                      | 160,160           | 39,876                       | 13,737                               | 123,592                          | 2,583              | 339,948                    | 311,960                                              |
| Amortization expense                                   | -                      | 15,335            | 4,482                        | 1,799                                | 12,795                           | 332                | 34,743                     | 30,121                                               |
| Disposals                                              | -                      | (79)              | (2,270)                      | (67)                                 | (75)                             | (57)               | (2,548)                    | (2,133)                                              |
| Accumulated amortization, closing                      | -                      | 175,416           | 42,088                       | 15,469                               | 136,312                          | 2,858              | 372,143                    | 339,948                                              |
| Net book value                                         | 6,776                  | 276,594           | 29,859                       | 5,461                                | 442,826                          | 5,117              | 766,633                    | 757,453                                              |
| Work-in-progress                                       | -                      | 3,324             | -                            | 747                                  | 42,778                           | 504                | 47,353                     | 44,686                                               |
|                                                        | <b>\$ 6,776</b>        | <b>\$ 279,918</b> | <b>\$ 29,859</b>             | <b>\$ 6,208</b>                      | <b>\$ 485,604</b>                | <b>\$ 5,621</b>    | <b>\$ 813,986</b>          | <b>\$ 802,139</b>                                    |
| Deferred capital contributions (Note 16)               | \$                     | \$ 59,895         | \$ 1,359                     | \$ 650                               | \$ 366,625                       | \$ -               | \$ 428,529                 | \$ 415,757                                           |

<sup>1</sup> Includes portable classrooms, land improvements and fixtures.<sup>2</sup> Restated to include transportation infrastructure such as highways, bridges, pavement and airport runways and the Whitehorse General Hospital building.<sup>3</sup> Effective April 1, 2003, the resources and responsibilities associated with the Northern Affairs Program of the Department of Indian Affairs and Northern Development were transferred from Canada to the Government. The tangible capital assets transferred from Canada included in the acquisition amounted to \$229 million.

GOVERNMENT OF YUKON

Schedule C

Consolidated Schedule of Retirement Benefits  
for the year ended March 31, 2005

|                                                                     | 2005                                                     |                                                   |                                                   |                                             | 2004               |            |
|---------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------|--------------------|------------|
|                                                                     | Legislative<br>Assembly<br>Retirement<br>Allowances Plan | Territorial<br>Court<br>Judiciary<br>Pension Plan | Extended<br>Health Care<br>Retirement<br>Benefits | Life<br>Insurance<br>Retirement<br>Benefits | Total<br>(Note 12) | Total      |
| (thousands of dollars)                                              |                                                          |                                                   |                                                   |                                             |                    |            |
| Accrued benefit obligation                                          |                                                          |                                                   |                                                   |                                             |                    |            |
| Obligation at beginning of year                                     | \$ 18,423                                                | \$ 2,504                                          | \$ 26,463                                         | \$ 934                                      | \$ 48,324          | \$ 19,164  |
| Current service costs                                               | 763                                                      | 125                                               | 994                                               | 31                                          | 1,913              | 1,039      |
| Interest cost on benefit obligation                                 | 1,131                                                    | 153                                               | 1,642                                             | 58                                          | 2,984              | 1,184      |
| Actuarial (gain) loss                                               | -                                                        | (126)                                             | -                                                 | -                                           | (126)              | 152        |
| Benefits paid                                                       | (598)                                                    | (47)                                              | (171)                                             | (2)                                         | (818)              | (612)      |
| Accrued benefit obligation at end of year                           | \$ 19,719                                                | \$ 2,609                                          | \$ 28,928                                         | \$ 1,021                                    | \$ 52,277          | \$ 20,927  |
| Pension and retirement plan assets are valued at fair market value. |                                                          |                                                   |                                                   |                                             |                    |            |
| Plan assets                                                         |                                                          |                                                   |                                                   |                                             |                    |            |
| Value at beginning of year                                          | \$ 18,571                                                | \$ -                                              | \$ -                                              | \$ -                                        | \$ 18,571          | \$ 17,060  |
| Actual return on plan assets                                        | 1,599                                                    | -                                                 | -                                                 | -                                           | 1,599              | 1,171      |
| Government contributions                                            | 707                                                      | 47                                                | 171                                               | 2                                           | 927                | 860        |
| Member contributions                                                | 76                                                       | -                                                 | -                                                 | -                                           | 76                 | 92         |
| Benefits paid                                                       | (598)                                                    | (47)                                              | (171)                                             | (2)                                         | (818)              | (812)      |
| Value at end of year                                                | \$ 20,355                                                | \$ -                                              | \$ -                                              | \$ -                                        | \$ 20,355          | \$ 18,571  |
| Funded status - plan surplus (deficit)                              | \$ 636                                                   | \$ (2,609)                                        | \$ (28,928)                                       | \$ (1,021)                                  | \$ (31,922)        | \$ (2,356) |
| Unamortized net actuarial (gain) loss                               | (712)                                                    | 1                                                 | -                                                 | -                                           | (711)              | (97)       |
| Accrued benefit liability                                           | \$ (76)                                                  | \$ (2,608)                                        | \$ (28,928)                                       | \$ (1,021)                                  | \$ (32,633)        | \$ (2,453) |
| Net benefit cost                                                    |                                                          |                                                   |                                                   |                                             |                    |            |
| Current service costs                                               | \$ 763                                                   | \$ 125                                            | \$ 994                                            | \$ 31                                       | \$ 1,913           | \$ 1,039   |
| Less: Member contributions                                          | (76)                                                     | -                                                 | -                                                 | -                                           | (76)               | (92)       |
| Interest cost on benefit obligation                                 | 1,131                                                    | 153                                               | 1,642                                             | 58                                          | 2,984              | 1,184      |
| Expected return on plan assets                                      | (1,120)                                                  | -                                                 | -                                                 | -                                           | (1,120)            | (1,034)    |
| Amortization of net actuarial (gain) loss                           | (32)                                                     | 42                                                | -                                                 | -                                           | 10                 | (11)       |
| Net expense for the year                                            | \$ 566                                                   | \$ 320                                            | \$ 2,636                                          | \$ 89                                       | \$ 3,711           | \$ 1,086   |

GOVERNMENT OF YUKON

Consolidated Schedule of Retirement Benefits  
for the year ended March 31, 2005

Schedule C  
Continued

|                                                               | Legislative<br>Assembly<br>Retirement<br>Allowances Plan | Territorial<br>Court<br>Judiciary<br>Pension Plan | Extended<br>Health Care<br>Retirement<br>Benefits | Life<br>Insurance<br>Retirement<br>Benefits |
|---------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------|
| Assumptions                                                   |                                                          |                                                   |                                                   |                                             |
| Expected long-term rate of return on assets                   | 6.0%                                                     | N/A                                               | N/A                                               | N/A                                         |
| Discount rate on projected benefit obligation                 | 6.0%                                                     | 6.0%                                              | 6.0%                                              | 6.0%                                        |
| Inflation                                                     | 3.0%                                                     | 3.0%                                              | N/A                                               | N/A                                         |
| Rate of compensation increase                                 | 3.0% <sup>1</sup>                                        | 3.0% <sup>2</sup>                                 | see below <sup>3</sup>                            | N/A                                         |
| Health care cost trend rate                                   | N/A                                                      | N/A                                               | see below <sup>4</sup>                            | N/A                                         |
| Amortization period (expected average remaining service life) | 8 years                                                  | 4 years                                           | 10 years                                          | 8 years                                     |

<sup>1</sup> Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

<sup>2</sup> Increase to \$178,000 on April 1, 2003, assumed rate thereafter.

<sup>3</sup> 2.5% per annum until January 1, 2006, 3.0% on January 1, 2006 and 2.5% per annum thereafter.

<sup>4</sup> 16% per annum, grading down annually by 2.2% per annum to 5.0% per annum and remaining at that level thereafter.

PART TWO  
NON-CONSOLIDATED FINANCIAL STATEMENTS

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SECTION I  
GOVERNMENT OF YUKON  
FINANCIAL STATEMENTS  
(unaudited)

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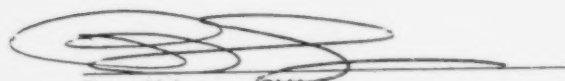
# GOVERNMENT OF YUKON

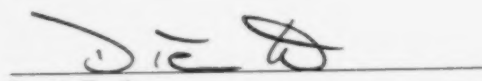
## Statement of Financial Position as at March 31, 2005

|                                                                                        | 2005                   | 2004                |
|----------------------------------------------------------------------------------------|------------------------|---------------------|
|                                                                                        |                        | (Restated - Note 3) |
|                                                                                        | (thousands of dollars) |                     |
| <b>Financial assets</b>                                                                |                        |                     |
| Cash and cash equivalents (Note 4)                                                     | \$ 52,120              | \$ 39,332           |
| Due from Canada (Note 5)                                                               | 70,513                 | 59,287              |
| Accounts receivable (Note 6)                                                           | 12,000                 | 12,624              |
| Advances to Territorial corporations (Note 7)                                          | 33,807                 | 34,257              |
| Loans receivable (Note 8)                                                              | 22,236                 | 21,431              |
| Land held for sale (Note 9)                                                            | 18,219                 | 19,922              |
|                                                                                        | <u>208,895</u>         | <u>186,853</u>      |
| <b>Liabilities</b>                                                                     |                        |                     |
| Due to Canada (Note 5)                                                                 | 11,870                 | 9,777               |
| Accounts payable and accrued liabilities (Note 10)                                     | 54,363                 | 36,689              |
| Deferred revenues                                                                      | 2,715                  | 3,336               |
| Post-employment benefits (Note 11)                                                     | 44,956                 | 43,859              |
| Retirement benefits (Note 12)                                                          | 32,633                 | 2,453               |
| Long-term debt (Note 13)                                                               | 3,726                  | 3,726               |
| Capital lease obligations (Note 14)                                                    | 10,393                 | 11,307              |
|                                                                                        | <u>160,656</u>         | <u>111,147</u>      |
| <b>Net financial resources</b>                                                         | <u>48,239</u>          | <u>75,706</u>       |
| <b>Non-financial assets</b>                                                            |                        |                     |
| Tangible capital assets (Note 15 and Schedule C)                                       | 787,820                | 771,054             |
| Less deferred capital contributions (Note 16 and Schedule C)                           | (428,529)              | (415,757)           |
| Inventories of supplies (Note 17)                                                      | 4,140                  | 3,640               |
| Prepaid expenses                                                                       | 1,761                  | 959                 |
|                                                                                        | <u>\$ 413,431</u>      | <u>\$ 435,602</u>   |
| <b>Accumulated surplus</b>                                                             |                        |                     |
| Contingencies, contractual obligations and guarantees<br>(Notes 9, 22, 24, 26, and 27) |                        |                     |

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

Approved:

  
Bruce McLennan, CMA  
Deputy Head of the Department of Finance

  
Dennis Fentie  
Minister of Finance

GOVERNMENT OF YUKON

Statement of Operations  
for the year ended March 31, 2005

|                                                                          | 2005                           |                   | 2004                          |
|--------------------------------------------------------------------------|--------------------------------|-------------------|-------------------------------|
|                                                                          | Main<br>Estimates<br>(Note 21) | Actual            | Actual<br>(Restated - Note 3) |
|                                                                          | (thousands of dollars)         |                   |                               |
| Revenues (Schedule A)                                                    |                                |                   |                               |
| From Canada                                                              |                                |                   |                               |
| Grant from Canada (Note 18)                                              | \$ 434,339                     | \$ 470,996        | \$ 426,135                    |
| Canada health and social transfers                                       | 34,441                         | 34,790            | 30,322                        |
| Other funding and service agreements                                     | 41,815                         | 46,975            | 32,238                        |
| Taxes and general revenues                                               | 78,188                         | 81,913            | 80,847                        |
| Funding and service agreements with other parties                        | 11,336                         | 10,181            | 14,114                        |
| Amortization of deferred capital contributions                           | 15,170                         | 12,988            | 12,859                        |
|                                                                          | 615,289                        | 657,843           | 596,515                       |
| Expenses (Note 19 and Schedule B)                                        | 646,768                        | 653,204           | 585,771                       |
| Recovery of prior years' expenses                                        | -                              | 587               | 904                           |
| Surplus (deficit) for the year                                           | <u>\$ (31,479)</u>             | <u>5,226</u>      | <u>11,648</u>                 |
| Accumulated surplus at beginning of year,<br>as previously reported      |                                | 91,416            | 84,684                        |
| Prior year adjustment (Note 3(a))                                        |                                | 344,186           | 339,270                       |
| Accumulated surplus at beginning of year, restated                       |                                | 435,602           | 423,954                       |
| Less adjustment to accumulated surplus,<br>beginning of year (Note 3(b)) |                                | (27,397)          | -                             |
| Accumulated surplus at end of year                                       |                                | <u>\$ 413,431</u> | <u>\$ 435,602</u>             |

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

Statement of Change in Net Financial Resources  
for the year ended March 31, 2005

|                                                                          | 2005                           |                  | 2004                          |
|--------------------------------------------------------------------------|--------------------------------|------------------|-------------------------------|
|                                                                          | Main<br>Estimates<br>(Note 21) | Actual           | Actual<br>(Restated - Note 3) |
|                                                                          | (thousands of dollars)         |                  |                               |
| Surplus (deficit) for the year                                           | \$ (31,479)                    | \$ 5,226         | \$ 11,648                     |
| Effect of change in tangible capital assets                              |                                |                  |                               |
| Acquisitions                                                             | (59,096)                       | (47,425)         | (281,242)                     |
| Capital contributions received                                           | 25,395                         | 25,912           | 248,471                       |
| Amortization of tangible capital assets                                  | 32,039                         | 30,583           | 28,338                        |
| Amortization of deferred capital contributions                           | (15,170)                       | (13,102)         | (12,997)                      |
| Loss (gain) on sale of tangible capital assets                           | -                              | 7                | (82)                          |
| Proceeds on sale of tangible capital assets                              | -                              | 31               | 168                           |
| Write-down of tangible capital assets                                    | -                              | -                | 1,317                         |
|                                                                          | (16,832)                       | (3,994)          | (16,027)                      |
| Effect of change in other non-financial assets                           |                                |                  |                               |
| Increase in inventories of supplies                                      | -                              | (500)            | (492)                         |
| Increase in prepaid expenses                                             | -                              | (802)            | (93)                          |
|                                                                          | -                              | (1,302)          | (585)                         |
| Decrease in net financial resources                                      | <u>\$ (48,311)</u>             | <u>(70)</u>      | <u>(4,964)</u>                |
| Net financial resources at beginning of year,                            |                                | 75,706           | 80,670                        |
| Less adjustment to accumulated surplus,<br>beginning of year (Note 3(b)) |                                | (27,397)         | -                             |
| Net financial resources at end of year                                   |                                | <u>\$ 48,239</u> | <u>\$ 75,706</u>              |

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

Statement of Cash Flows  
for the year ended March 31, 2005

|                                                          | 2005                   | 2004             |
|----------------------------------------------------------|------------------------|------------------|
|                                                          | (thousands of dollars) |                  |
| <b>Operating transactions</b>                            |                        |                  |
| Cash received from:                                      |                        |                  |
| Canada                                                   | \$ 543,229             | \$ 514,172       |
| Taxes and general revenues                               | 87,382                 | 81,482           |
| Funding and service agreements with other parties        | 9,362                  | 13,237           |
|                                                          | <u>639,973</u>         | <u>608,891</u>   |
| Cash paid for:                                           |                        |                  |
| Salary, wages and benefits                               | 243,493                | 242,474          |
| Transfer payments                                        | 140,751                | 140,717          |
| Other expenses                                           | 218,377                | 168,846          |
|                                                          | <u>602,621</u>         | <u>552,037</u>   |
| Cash provided by operating transactions                  | <u>37,352</u>          | <u>56,854</u>    |
| <b>Capital transactions</b>                              |                        |                  |
| Acquisition of tangible capital assets                   | (45,602)               | (39,477)         |
| Contributions received for acquisition                   | 20,321                 | 19,660           |
| Proceeds on sale of tangible capital assets              | 31                     | 168              |
| Cash used for capital transactions                       | <u>(25,250)</u>        | <u>(19,649)</u>  |
| <b>Investing transactions</b>                            |                        |                  |
| Investment in land held for sale                         | (5,399)                | (3,896)          |
| Proceeds from sale of land held for sale                 | 308                    | 221              |
| Repayment of advances from Territorial corporations      | 450                    | 3,475            |
| Loans advanced                                           | (1,404)                | (985)            |
| Loans repaid                                             | 7,644                  | 5,571            |
| Cash provided by investing transactions                  | <u>1,599</u>           | <u>4,386</u>     |
| <b>Financing transactions</b>                            |                        |                  |
| Repayment of capital lease obligations                   | (913)                  | (764)            |
| Repayment of long-term debt                              | -                      | (51)             |
| Cash used for financing transactions                     | <u>(913)</u>           | <u>(815)</u>     |
| <b>Increase in cash and cash equivalents</b>             | <b>12,788</b>          | <b>40,776</b>    |
| Cash and cash equivalents at beginning of year           | <u>39,332</u>          | <u>(1,444)</u>   |
| <b>Cash and cash equivalents at end of year (Note 4)</b> | <b>\$ 52,120</b>       | <b>\$ 39,332</b> |
| <b>Supplemental information</b>                          |                        |                  |
| Interest paid in the year                                | \$ 1,501               | \$ 1,534         |
| Interest received in the year                            | 1,660                  | 1,784            |

The accompanying notes and schedules are an integral part of these non-consolidated financial statements

## GOVERNMENT OF YUKON

### Notes to Financial Statements March 31, 2005

#### 1. Authority and operations

The Government of Yukon (the Government) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

#### 2. Significant accounting policies

##### (a) Financial statements

These financial statements are prepared on a non-consolidated basis for the purpose of determining the financial resources realistically available to the Government to meet its program responsibilities. Financial statements of the Yukon Housing Corporation, the Yukon Liquor Corporation, the Yukon Development Corporation and the Compensation Fund (Yukon) are reported on separately.

Net cost of operations of the Yukon Housing Corporation is included in the transfer payment to the Corporation. Yukon Liquor Corporation's net income, less acquisition of capital assets and related amortization, is included in revenues. Income of the Yukon Development Corporation and the Compensation Fund (Yukon) is retained within the entities and is, therefore, not reflected in these financial statements.

The Government also prepares a set of consolidated financial statements following the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

##### (d) Basis of accounting

###### Revenues

Revenues are recorded on an accrual basis. Income taxes, levied under the *Income Tax Act* (Yukon), are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final.

###### Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when paid or earlier if the terms of a contractual transfer agreement have been met.

Expenses are recovered from Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. The amounts are recorded as recoverable in the year in which the related expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year of adjustment.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for expenses for the current year.

# GOVERNMENT OF YUKON

## Notes to Financial Statements March 31, 2005

### Assets

#### Financial assets

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured.

Land held for sale comprises the costs of acquiring, planning and developing serviced lots for eventual sale. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale.

#### Non-financial assets

Tangible capital assets are buildings, roads, equipment, etc. whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated by Canada. For certain tangible capital assets that have previously been received from Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer. Transferred and cost-shared tangible capital assets are recorded upon acquisition with an offsetting deferred capital contribution that represents the value of the contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service, are amortized on a straight-line basis over their estimated useful life. Works of art, historical treasures and crown lands are not recorded.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives.

| Asset category                       | Threshold | Estimated useful life |
|--------------------------------------|-----------|-----------------------|
| Land                                 | Nil       | N/A                   |
| Land improvements and fixtures       | \$50,000  | up to 50 years        |
| Buildings                            | \$50,000  | 40 - 50 years         |
| Portable classrooms/housing trailers | \$50,000  | 20 years              |
| Heavy equipment                      | \$10,000  | 7 - 30 years          |
| Operating equipment                  | \$10,000  | 7 - 25 years          |
| Vehicles                             | \$10,000  | 6 - 15 years          |
| Computer hardware                    | \$10,000  | 5 years               |
| Computer software                    | \$100,000 | 7 years               |
| Leasehold improvements               | \$50,000  | Lease term            |
| Highways                             | N/A       | 30 to 50 years        |
| Pavement                             | N/A       | 26 years              |
| Bridges                              | N/A       | 30 to 50 years        |
| Airport runways                      | N/A       | 26 to 50 years        |

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials, and engineering, building and maintenance supplies, and are valued at the lower of cost and replacement value. Other materials and supplies are expensed at the time of acquisition.



## GOVERNMENT OF YUKON

### Notes to Financial Statements March 31, 2005

#### Liabilities

Liabilities include financial claims payable by the Government and deferred revenues.

Deferred revenues are cash received for which goods and services have not been provided by year-end, and are comprised of motor vehicle licence fees and other items for the following fiscal year.

Capital lease obligations are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate at the time the obligation is incurred.

#### (c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

#### (d) Transfer payments from Canada

The Government receives a grant from Canada pursuant to Bill C-24, *An Act to amend the Federal-Provincial Fiscal Arrangements Act and to make consequential amendments to other Acts (fiscal equalization payments to the provinces and funding to the territories)* (Canada). Entitlements under the Formula Financing Agreement 1999/2000 to 2003/2004 were closed as of March 31, 2005 under this legislation. The legislation specifies the exact entitlement amount for 2004/2005 and 2005/2006. For future years, Yukon's grant is to be determined as a proportion of the aggregate quantum for the three territories specified in the legislation.

Health and social transfer payments are received from Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada). These revenues are recognized when entitlement occurs. Adjustments are made in accordance with the arrangements in the year they are known.

#### (e) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits and accumulated sick, vacation, compensatory and personal leave and travel bonus benefits that are paid in cash when employment is terminated. The Government recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned.

## GOVERNMENT OF YUKON

### Notes to Financial Statements March 31, 2005

#### (f) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government accounts for contributions to this pension plan as a defined contribution plan and, therefore, the Government's contributions represent its total pension obligations. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet a certain criteria. Liabilities for these benefits are valued on an actuarial basis.

Retirement benefits to Members of the Legislative Assembly and judges are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on services. Pension expenses for these two plans are recognized as members render services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses.

#### (g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to post-employment and retirement benefits, contingencies and revenue accruals. Other estimates, such as Canada health and social transfer payments and corporate and personal income tax revenue are based on estimates made by Canada's Department of Finance and are subject to adjustments in future years.

### 3. Prior year adjustments

#### (a) Change in accounting policy - tangible capital assets

In accordance with the Public Sector Accounting Board recommendations, tangible capital assets are being recognized in the financial statements of the Government commencing with the 2004/2005 fiscal year. Under this revised accounting policy, the costs of tangible capital assets are capitalized and amortized as expenses of operations over their estimated useful service lives. In 2003/2004 and prior years, the costs of tangible capital assets were recognized as expenditures when the assets were acquired or constructed.<sup>1</sup> This change in accounting policy has been applied retroactively and prior year financial statements have been restated. The effect of the change is presented below.

#### (b) Correction of accounting error - extended health care and life insurance retirement benefits

During 2004/2005, the Government corrected an accounting error that relates to extended health care and life insurance benefits for retired employees. Until the fiscal year 2003/2004, the Government accounted for these retirement benefits on a cash basis rather than by the method recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. As the actuarial valuation is not available for the period prior to April 1, 2004, this correction was applied with an adjustment to the opening net financial resources and accumulated surplus and no restatement of comparative amounts. The effect of the change is presented below.

# GOVERNMENT OF YUKON

## Notes to Financial Statements March 31, 2005

The effects of the above prior-year adjustments on the surplus for the year, net financial resources and the accumulated surplus were as follows (\$ millions):

|                         | 2005                       |                                                        |                                                 | 2004                       |                                                        |                                                 |
|-------------------------|----------------------------|--------------------------------------------------------|-------------------------------------------------|----------------------------|--------------------------------------------------------|-------------------------------------------------|
|                         | Surplus<br>for the<br>year | Net<br>financial<br>resour-<br>ces<br>April 1,<br>2004 | Accumu-<br>lated<br>surplus<br>April 1,<br>2004 | Surplus<br>for the<br>year | Net<br>financial<br>resour-<br>ces<br>April 1,<br>2003 | Accumu-<br>lated<br>surplus<br>April 1,<br>2003 |
|                         | Increase (decrease)        |                                                        |                                                 |                            |                                                        |                                                 |
| Tangible capital assets | \$ 4.0                     | \$ -                                                   | \$ 344.2 <sup>1</sup>                           | \$ 4.9 <sup>1</sup>        | \$ -                                                   | \$ 339.3                                        |
| Retirement benefits     | (2.6)                      | (27.4)                                                 | (27.4)                                          | -                          | -                                                      | -                                               |
| Total effect            | \$ 1.4                     | \$ (27.4)                                              | \$ 316.8                                        | \$ 4.9                     | \$ -                                                   | \$ 339.3                                        |

<sup>1</sup> Leased capital assets were capitalized in the fiscal year 2003/2004. This change in accounting policy was applied prospectively. As at April 1, 2004, the net book value of the leased capital assets that were reported as part of tangible capital assets was \$11.1 million.

### 4. Cash and cash equivalents

|                        | 2005                   | 2004             |
|------------------------|------------------------|------------------|
|                        | (thousands of dollars) |                  |
| Short-term investments | \$ 41,330              | \$ 33,966        |
| Bank balances          | 10,725                 | 5,301            |
| Cash on hand           | 65                     | 65               |
|                        | <u>\$ 52,120</u>       | <u>\$ 39,332</u> |

Cash and cash equivalents include cash on hand, balances with banks and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

GOVERNMENT OF YUKON

Notes to Financial Statements  
March 31, 2005

5. Due from/to Canada

|                                                                       | 2005                   | 2004             |
|-----------------------------------------------------------------------|------------------------|------------------|
|                                                                       | (thousands of dollars) |                  |
| Due from Canada                                                       |                        |                  |
| Cost-sharing agreements and projects<br>delivered on behalf of Canada | \$ 55,677              | \$ 35,600        |
| Federal grant receivable                                              | 14,808                 | 20,516           |
| Other                                                                 | 28                     | 3,171            |
|                                                                       | <u>\$ 70,513</u>       | <u>\$ 59,287</u> |
| Due to Canada                                                         |                        |                  |
| Public Service Pension Plan contribution payable                      | \$ 3,685               | \$ 3,147         |
| RCMP                                                                  | 3,381                  | 3,415            |
| Payroll deductions payable                                            | 3,140                  | 2,795            |
| Other                                                                 | 1,664                  | 420              |
|                                                                       | <u>\$ 11,870</u>       | <u>\$ 9,777</u>  |

Amounts due from and due to Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

6. Accounts receivable

|                                               | 2005                   | 2004             |
|-----------------------------------------------|------------------------|------------------|
|                                               | (thousands of dollars) |                  |
| Taxes, interest and other revenue receivables | \$ 8,176               | \$ 7,833         |
| Less valuation allowances                     | <u>(1,025)</u>         | <u>(1,007)</u>   |
|                                               | 7,151                  | 6,826            |
| Due from Territorial corporations             | <u>4,849</u>           | <u>5,798</u>     |
|                                               | <u>\$ 12,000</u>       | <u>\$ 12,624</u> |

7. Advances to Territorial corporations

|                           | 2005                   | 2004             |
|---------------------------|------------------------|------------------|
|                           | (thousands of dollars) |                  |
| Yukon Housing Corporation |                        |                  |
| Working capital advances  | <u>\$ 33,807</u>       | <u>\$ 34,257</u> |

The advances are interest free and have various repayment terms.

GOVERNMENT OF YUKON

Notes to Financial Statements  
March 31, 2005

8. Loans receivable

|                                                                                                                                                      | 2005                   | 2004             |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------|
|                                                                                                                                                      | (thousands of dollars) |                  |
| Debenture loans to municipalities, due in varying annual amounts to the year 2030, bearing interest rates ranging from 5.0% to 11.4%                 | \$ 8,871               | \$ 8,985         |
| Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2010, bearing interest at 0.0%                      | 5,895                  | 5,055            |
| Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 13.6%           | 3,474                  | 3,783            |
| Local improvement loans, due in varying annual amounts to the year 2035, bearing interest rates ranging from 2.3% to 13.8%                           | 2,957                  | 2,684            |
| Loan to Yukon Housing Corporation, due in periodic instalments to the year 2014, bearing interest at 0.0%                                            | 1,345                  | 1,498            |
| Agreements for sale, due in varying annual amounts over a three or five year term to the year 2010, bearing interest rates ranging from 4.8% to 8.5% | 694                    | 509              |
| Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021, bearing interest at 0.0%                                            | 249                    | 265              |
| Energy infrastructure development loan, due in periodic instalments to the year 2005, bearing interest at 6.4%                                       | 205                    | 205              |
| Energy conservation loans due in varying annual amounts with varying rates of interest                                                               | 168                    | 179              |
| Loan to Yukon Government Fund Limited, with no repayment terms, bearing interest at 0.0%                                                             | 116                    | 116              |
| Domestic well loans, due in varying annual amounts to the year 2020, bearing interest at 2.3%                                                        | 110                    | -                |
| Less valuation allowances                                                                                                                            | (1,848)                | (1,848)          |
|                                                                                                                                                      | <u>\$ 22,236</u>       | <u>\$ 21,431</u> |

# GOVERNMENT OF YUKON

## Notes to Financial Statements March 31, 2005

### 9. Land held for sale

|                        | 2005                   | 2004             |
|------------------------|------------------------|------------------|
|                        | (thousands of dollars) |                  |
| Raw land               | \$ 45                  | \$ 45            |
| Land under development | 5,479                  | 8,042            |
| Finished land          | 12,695                 | 11,835           |
|                        | <u>\$ 18,219</u>       | <u>\$ 19,922</u> |

Land held for sale is affected by the Yukon First Nations land claims negotiations. At March 31, 2005, \$3.4 million (2004 - \$4.1 million) of finished land is included in the scope of existing land claims. Recovery of costs of the land selected in land claims settlements is to be provided for by Canada as per provisions of the Bilateral Agreement of June 24, 1993.

### 10. Accounts payable and accrued liabilities

|                                              | 2005                   | 2004             |
|----------------------------------------------|------------------------|------------------|
|                                              | (thousands of dollars) |                  |
| Accounts payable                             | \$ 23,902              | \$ 17,929        |
| Accrued liabilities                          | 23,333                 | 14,347           |
| Due to Territorial corporations              | 5,410                  | 2,914            |
| Contractors' holdbacks and security deposits | 1,718                  | 1,499            |
|                                              | <u>\$ 54,363</u>       | <u>\$ 36,689</u> |

### 11. Post-employment benefits

|                           | 2005                   | 2004             |
|---------------------------|------------------------|------------------|
|                           | (thousands of dollars) |                  |
| Severance benefits        | \$ 22,631              | \$ 22,079        |
| Sick leave obligation     | 12,285                 | 11,986           |
| Vacation leave obligation | 9,482                  | 9,250            |
| Other                     | 558                    | 544              |
|                           | <u>\$ 44,956</u>       | <u>\$ 43,859</u> |

Severance benefits are paid on termination of service or upon retirement.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by daily pay rate at termination or retirement.

Other benefit obligations include unused compensatory and personal leave and travel bonus benefits.

## GOVERNMENT OF YUKON

### Notes to Financial Statements March 31, 2005

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. The obligation for compensatory and personal leave and travel bonus benefits is calculated assuming all employees would cash in those benefits on the valuation date. In projecting the accrued obligation for these benefits as at March 31, 2005, the actuary assumed a discount rate of 6.0% and general inflation of 2.5%. The actuary further assumed that general salary increases would be in line with inflation at 2.5% per annum.

Expenses related to post-employment benefits for the year ended March 31, 2005 were \$5,041,000 (2004 - \$6,636,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$3,944,000 (2004 - \$3,685,000).

#### 12. Retirement benefits

##### (a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits at 2% per year of pensionable service based on their five consecutive years of highest paid services. The Government contributes at a basic rate of 2.14 times the employee's contribution. The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$25,878,000 (2004 - \$19,646,000). The large increase in 2005 pension contribution expenses was due to recognition of the Government's obligation for the employer contribution on the buy-back option elected by employees. The buy-back contribution expenses recognized in 2004/2005 amounted to \$5,559,000.

##### (b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

During the fiscal year 2004/2005, the Members' Services Board transferred the fund assets being held by the Government to cover the liabilities of the Plan to an investment manager (Note 20). The funds transferred are held in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid. It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The most recent valuation for funding purposes was conducted as at March 31, 2005. The results of this valuation indicate that the plan was fully funded with a surplus of \$4,694,000.

The accrued benefit obligation as at March 31, 2005 is based on an extrapolation of a valuation conducted as at March 31, 2002 using best estimate assumptions accepted by the Members' Services Board of the Legislative Assembly (Schedule D). Valuation information based on March 31, 2005 membership data will be reflected in the 2006 financial statements.



# GOVERNMENT OF YUKON

## Notes to Financial Statements March 31, 2005

### (c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a non-contributory defined benefit pension plan. In this plan, benefits are accrued at an annual rate of 3% based on the judges' highest twenty-four months of pensionable earnings. Benefit costs under this plan are offset by benefits paid under the Public Service Pension Plan and the Retirement Compensation Arrangement which are contributory plans. The *Territorial Court Judiciary Pension Plan Act* (Yukon) stipulates that no fund is to be maintained for this plan.

The actuarial report for this plan was prepared at March 31, 2002. The accrued benefit obligation shown for 2005 is based on an extrapolation of that 2002 valuation (Schedule D).

### (d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both defined benefit plans. The extended health care plan is self-insured. As at March 31, 2005, the Government paid approximately 65% of the extended health care benefit costs and 100% of the life insurance premium for participating retirees. An actuarial valuation of these benefits was conducted as of April 1, 2004 (Schedule D). There are no plan assets.

The retirement benefit liabilities of the Government as of March 31, 2005 were as follows:

|                                                         | 2005                   | 2004            |
|---------------------------------------------------------|------------------------|-----------------|
|                                                         | (thousands of dollars) |                 |
| Pension and retirement benefit liabilities (Schedule D) |                        |                 |
| Extended health care retirement benefits (Note 3(b))    | \$ 28,928              | \$ -            |
| Territorial Court Judiciary Pension Plan                | 2,608                  | 2,335           |
| Life insurance retirement benefits (Note 3(b))          | 1,021                  | -               |
| Legislative Assembly Retirement Allowances Plan         | 76                     | 118             |
|                                                         | <u>\$ 32,633</u>       | <u>\$ 2,453</u> |

### 13. Long-term debt

Loans from Canada, repayable in annual instalments with maturities up to the year 2008, bearing fixed interest rates ranging from 9.0% to 11.1%. Fair value is estimated at \$3,326,000 (2004 - \$3,156,000).

|  | 2005                   | 2004            |
|--|------------------------|-----------------|
|  | (thousands of dollars) |                 |
|  | <u>\$ 3,726</u>        | <u>\$ 3,726</u> |

Principal repayment and interest requirements over the future years on outstanding loans are as follows:

|      | Principal              | Interest      | Total           |
|------|------------------------|---------------|-----------------|
|      | (thousands of dollars) |               |                 |
| 2006 | \$ -                   | \$ 360        | \$ 360          |
| 2007 | 572                    | 360           | 932             |
| 2008 | <u>3,154</u>           | <u>182</u>    | <u>3,336</u>    |
|      | <u>\$ 3,726</u>        | <u>\$ 902</u> | <u>\$ 4,628</u> |



GOVERNMENT OF YUKON

Notes to Financial Statements  
March 31, 2005

14. Capital lease obligations

|                                                                                                                                                                                                  | 2005                   | 2004             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------|
|                                                                                                                                                                                                  | (thousands of dollars) |                  |
| Building lease obligation payable monthly until the year 2012, with imputed interest rate of 11.0%. The building is to be transferred to the Government for \$1.00 at the end of the lease term. | \$ 3,567               | \$ 3,936         |
| Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.                                                                                              | 3,110                  | 3,303            |
| Building lease obligation payable monthly until the year 2012, with imputed interest rate of 6.0%                                                                                                | 2,813                  | 3,069            |
| Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.                                                                                              | 903                    | 999              |
|                                                                                                                                                                                                  | <u>\$ 10,393</u>       | <u>\$ 11,307</u> |

Interest expense related to capital lease obligations for the year was \$1,140,000 (2004 - \$1,169,000) at an imputed average interest rate of 10.9% (2004 - 10.9%). The following is a schedule of future minimum lease payments under the capital lease obligations.

|                                           |                        |
|-------------------------------------------|------------------------|
|                                           | (thousands of dollars) |
| 2006                                      | \$ 2,823               |
| 2007                                      | 2,841                  |
| 2008                                      | 2,841                  |
| 2009                                      | 2,841                  |
| 2010                                      | 2,841                  |
| Beyond 2010                               | <u>6,291</u>           |
| Total minimum lease payments              | 20,478                 |
| Less: amount representing executory costs | (4,323)                |
| amount representing rental of land        | (1,396)                |
| amount representing interest              | <u>(4,366)</u>         |
|                                           | <u>\$ 10,393</u>       |

GOVERNMENT OF YUKON

Notes to Financial Statements  
March 31, 2005

15. Tangible capital assets

|                                | 2005                   | 2004              |
|--------------------------------|------------------------|-------------------|
|                                | Net Book Value         | Net Book Value    |
|                                | (Restated – Note 3)    |                   |
|                                | (thousands of dollars) |                   |
| Land                           | \$ 5,387               | \$ 4,622          |
| Buildings                      | 255,249                | 262,160           |
| Equipment and vehicles         | 29,824                 | 30,083            |
| Computer hardware and software | 6,136                  | 6,601             |
| Transportation infrastructure  | 485,603                | 462,748           |
| Other                          | 5,621                  | 4,840             |
| (Schedule C)                   | <u>\$ 787,820</u>      | <u>\$ 771,054</u> |

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total insured value of \$2.3 million (2004 - \$2.1 million).

Leased capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$960,000 (2004 - \$960,000). The cost and accumulated amortization of leased capital assets that are included in the statement of tangible capital assets are as follows:

|                               | 2005                   | 2004             |
|-------------------------------|------------------------|------------------|
|                               | (thousands of dollars) |                  |
| Buildings (cost)              | \$ 12,071              | \$ 12,071        |
| Less accumulated amortization | (1,920)                | (960)            |
|                               | <u>\$ 10,151</u>       | <u>\$ 11,111</u> |

16. Deferred capital contributions

Where the fair value has been capitalized for tangible capital assets that were transferred from a third party, e.g. Canada, an offset is recorded as a deferred capital contribution. Funding received for the acquisition, development, construction or betterment of tangible capital assets is also treated as a deferred capital contribution. The most significant of these assets are highways, bridges and airport infrastructure. The deferred capital contribution is recognized as revenue over the useful life of the related asset.

|                                                          | 2005                   | 2004              |
|----------------------------------------------------------|------------------------|-------------------|
|                                                          | (Restated – Note 3)    |                   |
|                                                          | (thousands of dollars) |                   |
| Deferred capital contributions, beginning of year        | \$ 415,757             | \$ 180,307        |
| Add: Assets transferred or funded during the year        | 25,912                 | 248,471           |
| Less: Disposal                                           | (38)                   | (24)              |
| Amortization                                             | (13,102)               | (12,997)          |
| Deferred capital contributions, end of year (Schedule C) | <u>\$ 428,529</u>      | <u>\$ 415,757</u> |

GOVERNMENT OF YUKON

Notes to Financial Statements  
March 31, 2005

17. Inventories of supplies

|                       | 2005                   | 2004            |
|-----------------------|------------------------|-----------------|
|                       | (thousands of dollars) |                 |
| Highways materials    | \$ 2,641               | \$ 2,214        |
| Garage parts and fuel | 1,078                  | 1,002           |
| Central stores        | 421                    | 424             |
|                       | <u>\$ 4,140</u>        | <u>\$ 3,640</u> |

18. Grant from Canada

|                                                         | 2005                   | 2004              |
|---------------------------------------------------------|------------------------|-------------------|
|                                                         | (thousands of dollars) |                   |
| Formula Financing grant entitlement                     | \$ 465,708             | \$ 427,714        |
| Adjustments in respect of:                              |                        |                   |
| Census                                                  | -                      | (15,187)          |
| Escalator data adjustment                               | 6,700                  | -                 |
| Formula financing escalators                            | 12,492                 | 10,785            |
| Tax effort adjustment factors                           | (2,099)                | 1,173             |
| Own source revenues and recoveries                      | (11,849)               | 1,720             |
| GEB adjustments                                         | (7)                    | -                 |
| Formula Financing grant                                 | 470,945                | 426,205           |
| Adjustments in respect of resource revenue offsets      | 51                     | (70)              |
| Grant from Canada per Schedule of Revenues (Schedule A) | <u>\$ 470,996</u>      | <u>\$ 426,135</u> |

19. Expenses by object

|                                   | 2005                   | 2004              |
|-----------------------------------|------------------------|-------------------|
|                                   | (Restated – Note 3)    |                   |
|                                   | (thousands of dollars) |                   |
| Personnel                         | \$ 254,247             | \$ 238,789        |
| Transfer payments                 | 144,001                | 141,106           |
| Contract and special services     | 100,603                | 69,535            |
| Materials, supplies and utilities | 69,355                 | 64,358            |
| Amortization expenses             | 27,412                 | 25,137            |
| Communication and transportation  | 20,965                 | 33,134            |
| Other                             | 36,621                 | 13,712            |
|                                   | <u>\$ 653,204</u>      | <u>\$ 585,771</u> |

# GOVERNMENT OF YUKON

## Notes to Financial Statements March 31, 2005

### 20. Trust assets

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets. Trust assets are invested primarily in short-term and long-term bonds. Investments are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

During the fiscal year 2004/2005, the Legislative Assembly Retirement Allowances fund assets were transferred from the Government to an external investment manager (Note 12(b)). The fund asset balance as of March 31, 2004 was \$18,571,000.

|                                      | 2005                   | 2004             |
|--------------------------------------|------------------------|------------------|
|                                      | (thousands of dollars) |                  |
| Water Resources Bonds                | \$ 2,895               | \$ -             |
| Land Title Office – Assurance Fund   | 2,470                  | 2,332            |
| Lottery Commission                   | 2,283                  | 2,769            |
| Crime Prevention and Victim Services | 2,165                  | 2,250            |
| Forest Sector Fund                   | 2,078                  | 1,035            |
| Historic Resources Trust Fund        | 1,148                  | 1,144            |
| Public Administrator                 | 1,117                  | 831              |
| Other                                | 1,913                  | 20,419           |
|                                      | <u>\$ 16,069</u>       | <u>\$ 30,780</u> |

### 21. Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2004. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

### 22. Contractual obligations

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2005.

|                                       | Expiry Date | 2006                   | 2007 – 2016       | Total             |
|---------------------------------------|-------------|------------------------|-------------------|-------------------|
|                                       |             | (thousands of dollars) |                   |                   |
| Capital projects                      |             |                        |                   |                   |
| - in progress at March 31, 2005       | 2007        | \$ 27,790              | \$ 53,300         | \$ 81,090         |
| (recoverable amount)                  |             | (26,945)               | (50,650)          | (77,595)          |
| RCMP policing agreement               | 2012        | 11,763                 | 78,371            | 90,134            |
| Building/office space leases          | 2016        | 7,363                  | 26,406            | 33,769            |
| Miscellaneous operational commitments | 2007        | 7,464                  | 1,364             | 8,828             |
|                                       |             | <u>\$ 27,435</u>       | <u>\$ 108,791</u> | <u>\$ 136,226</u> |

# GOVERNMENT OF YUKON

## Notes to Financial Statements March 31, 2005

### 23. Overexpenditure

During the year, two (2004 - two) departments exceeded their votes with a total of \$6,988,000 (2004 - \$819,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that "a vote does not authorize any payment to be made in excess of the amount specified in the vote".

(thousands of dollars)

The votes that were overexpended are as follows:

|                            |          |
|----------------------------|----------|
| Operations and maintenance |          |
| Public Service Commission  | \$ 6,884 |
| Justice                    | 104      |

The *Appropriation Acts* (Yukon) states that the Government is not to expend grant payments in excess of the amounts specified in the Acts. During the year, four (2004 - four) departments exceeded the authorized amounts as follows:

|                                               |       |
|-----------------------------------------------|-------|
| Operations and maintenance grants             |       |
| Community Services                            |       |
| - Home owner grants                           | \$ 38 |
| - Comprehensive municipal grants              | 1     |
| Education                                     |       |
| - Post secondary student grants               | 157   |
| Environment                                   |       |
| - Canadian Cooperative Wildlife Health Centre | 1     |
| Health and Social Services                    |       |
| - Adoption subsidies                          | 27    |
| - Child care operating grants                 | 21    |
| - Child care subsidies                        | 181   |
| - Federal child benefit - Whitehorse          | 38    |
| - Pioneer utility grant                       | 130   |
| - Medical travel subsidies                    | 8     |
| - Federal child benefit - region              | 28    |

### 24. Guarantees

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$22.8 million (2004 - \$23.8 million), debts of the Yukon Development Corporation of \$24.1 million (2004 - \$42.4 million) and business loans totalling \$325,000 (2004 - \$301,000). The Government is also liable for the debt of the Yukon Government Fund Limited in the amount of \$15.0 million (2004 - \$15.0 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Housing Corporation of up to \$11.0 million and to the Yukon Energy Corporation of up to \$10.0 million. It is expected that no significant costs will be incurred by the Government with respect to these guarantees.

## GOVERNMENT OF YUKON

### Notes to Financial Statements March 31, 2005

#### 25. Land claims

Between February 1995 and March 31, 2005, nine Yukon First Nation Final and Self-government Agreements came into effect. Two additional Yukon First Nations have concluded negotiations since March 31, 2005. Negotiations with the remaining three Yukon First Nations and one trans-boundary First Nation were in hiatus during 2004/2005 and discontinued effective March 31, 2005. Settlements of these outstanding claims would not result in a general liability to the Government as they are to be funded by Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The Government signed a bilateral funding agreement with Canada on June 24, 1993 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government expended \$3.8 million during the year (2004 - \$4.6 million) with cumulative expenditures of approximately \$31.8 million (2004 - \$28.0 million), of which \$30.7 million (2004 - \$27.0 million) was funded by Canada.

#### 26. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2005 the Government estimated the total claimed amount to be about \$5.3 million (2004 - \$2.7 million). No liability has been admitted and no provision for claims is included in these financial statements.

#### 27. Environmental liabilities

The Government recognizes that there are liabilities for restoration of the environment on land that is administered and controlled by the Government (Commissioner's Land). The Government does not actively search for contaminated sites, and is only aware of those that are brought to its attention. Consequently, there may be other as yet unidentified sites.

As at March 31, 2005 the Government was aware of 57 sites on Commissioner's Land where environmental liabilities either exist or may exist. Of these, 12 sites are airports and are subject to the airport transfer agreements between the Government and Transport Canada. For two of these airports ("A" airports), Transport Canada has assumed responsibility for assessment and remediation costs; at the remaining 10 ("B" and "C" airports) Transport Canada maintains that the transfer agreement does not obligate them to undertake any assessment or remediation. 23 sites are highway maintenance camps, the majority of which are awaiting assessment dependent on funding availability. Quantifiable portions of remediation costs for some of the sites that have been at least partially assessed are currently estimated at \$700,000. 20 are active or decommissioned landfill sites; some monitoring is occurring at four of these sites but no assessment work has been done. Of the remaining two sites, one has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site but may incur some future environmental liability as the landowner. The last site has had remedial work done at a cost of \$70,000.

Effective April 1, 2003 the Government assumed administration and regulatory responsibility for lands transferred from the Northern Affairs Program of the Department of Indian Affairs and Northern Development (DIAND), Canada. Two main categories of sites were identified in the Devolution Transfer Agreement (DTA); waste sites for which Canada retained responsibility for the clean-up, and seven mine sites identified as Type II sites.

# GOVERNMENT OF YUKON

## Notes to Financial Statements March 31, 2005

Canada committed to allocate funding of \$20 million over 10 years to remediate those waste sites for which they retained responsibility for clean-up as well as newly discovered sites that were created while under the control of DIAND. No explicit funding was identified in the DTA to cover the costs associated with clean-up for the seven Type II sites, as none of the sites were abandoned at the time. Canada did however, under the DTA, accept financial responsibility for the remediation of impacts attributable to activities that took place prior to April 1, 2003. Since then, Canada has established dedicated funding under the Federal Contaminated Sites Accelerated Action Plan, for the clean-up of contaminated sites, including Yukon sites. While detailed closure plans have not been prepared, closure estimates range between \$250 million and \$300 million for the four sites currently under government care. Work plans and budgets are approved each year for these sites with funding being provided by Canada. The other three Type II mine sites are currently active sites under their owners' control. The Government continues to work with DIAND to ensure there is no inadvertent transfer of environmental liability from DIAND to the Government for pre-existing environmental liabilities at these sites.

### 28. Related parties

Related party transactions not disclosed elsewhere in the financial statements are as follows:

|                               | 2005                   | 2004             |
|-------------------------------|------------------------|------------------|
|                               | (thousands of dollars) |                  |
| Revenues from:                |                        |                  |
| Compensation Fund (Yukon)     | \$ 867                 | \$ 942           |
| Yukon Lotteries Commission    | 561                    | 549              |
| Yukon Liquor Corporation      | 270                    | 629              |
| Yukon Development Corporation | 243                    | 135              |
| Yukon Housing Corporation     | 241                    | 159              |
| Yukon College                 | 164                    | 235              |
| Yukon Hospital Corporation    | 31                     | 10               |
| Yukon Arts Centre Corporation | -                      | 5                |
|                               | <u>\$ 2,377</u>        | <u>\$ 2,664</u>  |
| Expenses to:                  |                        |                  |
| Yukon Hospital Corporation    | \$ 26,573              | \$ 24,238        |
| Yukon College                 | 16,822                 | 14,834           |
| Yukon Development Corporation | 7,226                  | 7,432            |
| Compensation Fund (Yukon)     | 4,456                  | 3,504            |
| Yukon Housing Corporation     | 3,393                  | 2,476            |
| Yukon Legal Services Society  | 1,593                  | 1,384            |
| Yukon Arts Centre Corporation | 905                    | 862              |
| Yukon Human Rights Commission | 515                    | 371              |
|                               | <u>\$ 61,483</u>       | <u>\$ 55,101</u> |

### 29. Comparative figures

Certain comparative figures for 2004 have been reclassified to conform with the 2005 presentation.

## GOVERNMENT OF YUKON

Schedule A

Schedule of Revenues  
for the year ended March 31, 2005

|                                                   | 2005                           |            | 2004                          |
|---------------------------------------------------|--------------------------------|------------|-------------------------------|
|                                                   | Main<br>Estimates<br>(Note 21) | Actual     | Actual<br>(Restated - Note 3) |
|                                                   | (thousands of dollars)         |            |                               |
| From Canada                                       |                                |            |                               |
| Grant from Canada (Note 18)                       | \$ 434,339                     | \$ 470,996 | \$ 426,135                    |
| Canada health and social transfers                | 34,441                         | 34,790     | 30,322                        |
| Other funding and service agreements              | 41,815                         | 46,975     | 32,238                        |
|                                                   | 510,595                        | 552,761    | 488,695                       |
| Taxes and general revenues                        |                                |            |                               |
| Income taxes                                      | 39,803                         | 43,031     | 40,888                        |
| Other taxes                                       | 19,155                         | 18,996     | 18,864                        |
| Licences, permits and fees                        | 6,838                          | 8,126      | 7,635                         |
| Yukon Liquor Corporation - net income             | 4,749                          | 5,595      | 5,716                         |
| Oil and gas resource revenue                      | 5,928                          | 2,184      | 3,116                         |
| Interest - bank and other                         | 441                            | 1,054      | 1,099                         |
| Net profit - restricted funds                     | -                              | 831        | 241                           |
| Aviation operations                               | 728                            | 646        | 804                           |
| Gain on sale of lots                              | -                              | 634        | 876                           |
| Fines                                             | 408                            | 435        | 473                           |
| Land and mineral leases and royalties             | -                              | 250        | 317                           |
| Other revenues                                    | 58                             | 131        | 818                           |
|                                                   | 78,188                         | 81,913     | 80,847                        |
| Funding and service agreements with other parties | 11,336                         | 10,181     | 14,114                        |
| Amortization of deferred capital contributions    | 15,170                         | 12,988     | 12,859                        |
|                                                   | \$ 615,289                     | \$ 657,843 | \$ 596,515                    |



GOVERNMENT OF YUKON

Schedule B

Schedule of Expenses  
for the year ended March 31, 2005

|                                              | Actual 2005                            |                   |                      |                        |                          | 2004               |                                  |
|----------------------------------------------|----------------------------------------|-------------------|----------------------|------------------------|--------------------------|--------------------|----------------------------------|
|                                              | 2005<br>Main<br>Estimates<br>(Note 21) | Personnel         | Transfer<br>Payments | Other                  | Amortization<br>Expenses | Total<br>(Note 19) | Actual<br>(Restated<br>- Note 3) |
|                                              |                                        |                   |                      | (thousands of dollars) |                          |                    |                                  |
| Health and Social Services                   | \$ 169,471                             | \$ 55,983         | \$ 55,360            | \$ 57,490              | \$ 2,620                 | \$ 171,453         | \$ 158,179                       |
| Highways and Public Works                    | 116,403                                | 29,769            | 8,184                | 60,459                 | 17,886                   | 116,098            | 98,993                           |
| Education                                    | 114,545                                | 60,463            | 24,708               | 24,189                 | 5,110                    | 114,470            | 105,891                          |
| Community Services                           | 63,640                                 | 15,788            | 26,896               | 28,156                 | 615                      | 71,455             | 62,135                           |
| Justice                                      | 37,787                                 | 15,728            | 4,749                | 17,597                 | 563                      | 38,637             | 36,789                           |
| Energy, Mines and Resources                  | 37,001                                 | 17,348            | 3,850                | 14,956                 | 78                       | 36,232             | 31,930                           |
| Public Service Commission                    | 15,205                                 | 20,915            | -                    | 2,398                  | 11                       | 23,324             | 17,412                           |
| Environment                                  | 20,893                                 | 12,440            | 1,037                | 7,227                  | 108                      | 20,812             | 19,353                           |
| Tourism and Culture                          | 19,422                                 | 6,381             | 5,280                | 7,249                  | 605                      | 19,515             | 16,293                           |
| Executive Council Office                     | 21,899                                 | 9,057             | 4,914                | 2,499                  | 5                        | 16,475             | 18,205                           |
| Economic Development                         | 15,125                                 | 2,995             | 5,245                | 3,304                  | 2                        | 11,546             | 8,038                            |
| Finance                                      | 5,050                                  | 3,816             | 599                  | 397                    | 2                        | 4,814              | 5,231                            |
| Yukon Legislative Assembly                   | 3,959                                  | 2,778             | -                    | 826                    | 7                        | 3,611              | 3,786                            |
| Yukon Housing Corporation (Transfer Payment) | 4,741                                  | -                 | 3,016                | -                      | -                        | 3,016              | 2,101                            |
| Women's Directorate                          | 634                                    | 363               | 163                  | 266                    | -                        | 792                | 541                              |
| Office of the Ombudsman                      | 414                                    | 337               | -                    | 66                     | -                        | 403                | 403                              |
| Elections Office                             | 219                                    | 86                | -                    | 105                    | -                        | 191                | 127                              |
| Interest on Loans                            | 360                                    | -                 | -                    | 360                    | -                        | 360                | 364                              |
|                                              | <b>\$ 646,768</b>                      | <b>\$ 254,247</b> | <b>\$ 144,001</b>    | <b>\$ 227,544</b>      | <b>\$ 27,412</b>         | <b>\$ 653,204</b>  | <b>\$ 585,771</b>                |

## Schedule C

**Schedule of Tangible Capital Assets  
for the year ended March 31, 2005**

[illegible]<sup>1</sup> Includes portable classrooms, land improvements and fixtures.

Restated to include transportation infrastructure such as highways, bridges, pavement and airport runways and the Whitehorse General Hospital building.

resourced to include transportation infrastructure such as highways, bridges, pavements and airport runways and the remaining \$229 million was transferred from the Northern Affairs Program of the Department of Indian Affairs and Northern Development to the Northern Development Fund of the Department of Canadian Heritage. Effective April 1, 2003, the resources and responsibilities associated with the Northern Affairs Program of the Department of Indian Affairs and Northern Development were transferred from the Northern Affairs Program of the Department of Indian Affairs and Northern Development to the Northern Development Fund of the Department of Canadian Heritage. The tangible capital assets transferred from Canada included in the acquisition amounted to \$229 million.

## GOVERNMENT OF YUKON

Schedule D

Schedule of Retirement Benefits  
for the year ended March 31, 2005

|  | 2005                                                     |                                                   |                                                   |                                             | 2004               |       |  |  |
|--|----------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------|--------------------|-------|--|--|
|  | Legislative<br>Assembly<br>Retirement<br>Allowances Plan | Territorial<br>Court<br>Judiciary<br>Pension Plan | Extended<br>Health Care<br>Retirement<br>Benefits | Life<br>Insurance<br>Retirement<br>Benefits | Total<br>(Note 12) | Total |  |  |

(thousands of dollars)

Pension and retirement plan assets are valued at fair market value.

|                                           |           |          |           |          |           |           |  |  |
|-------------------------------------------|-----------|----------|-----------|----------|-----------|-----------|--|--|
| Accrued benefit obligation                |           |          |           |          |           |           |  |  |
| Obligation at beginning of year           | \$ 18,423 | \$ 2,504 | \$ 26,463 | \$ 934   | \$ 48,324 | \$ 19,164 |  |  |
| Current service costs                     | 763       | 125      | 994       | 31       | 1,913     | 1,039     |  |  |
| Interest cost on benefit obligation       | 1,131     | 153      | 1,642     | 58       | 2,984     | 1,184     |  |  |
| Actuarial (gain) loss                     | -         | (126)    | -         | -        | (126)     | 152       |  |  |
| Benefits paid                             | (598)     | (47)     | (171)     | (2)      | (818)     | (612)     |  |  |
| Accrued benefit obligation at end of year | \$ 19,719 | \$ 2,609 | \$ 28,928 | \$ 1,021 | \$ 52,277 | \$ 20,927 |  |  |

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## Plan assets

|                              |           |      |       |      |           |           |  |  |
|------------------------------|-----------|------|-------|------|-----------|-----------|--|--|
| Value at beginning of year   | \$ 18,571 | \$ - | \$ -  | \$ - | \$ 18,571 | \$ 17,060 |  |  |
| Actual return on plan assets | 1,599     | -    | -     | -    | 1,599     | 1,171     |  |  |
| Government contributions     | 707       | 47   | 171   | 2    | 927       | 860       |  |  |
| Member contributions         | 76        | -    | -     | -    | 76        | 92        |  |  |
| Benefits paid                | (598)     | (47) | (171) | (2)  | (818)     | (612)     |  |  |
| Value at end of year         | \$ 20,355 | \$ - | \$ -  | \$ - | \$ 20,355 | \$ 18,571 |  |  |

## Funded status - plan surplus (deficit)

|                                       |         |            |             |            |             |            |  |  |
|---------------------------------------|---------|------------|-------------|------------|-------------|------------|--|--|
| Unamortized net actuarial (gain) loss | \$ 636  | \$ (2,609) | \$ (28,928) | \$ (1,021) | \$ (31,922) | \$ (2,356) |  |  |
| Accrued benefit liability             | (712)   | 1          | -           | -          | (711)       | (97)       |  |  |
|                                       | \$ (76) | \$ (2,608) | \$ (28,928) | \$ (1,021) | \$ (32,633) | \$ (2,453) |  |  |

## Net benefit cost

|                                           |         |        |          |       |          |          |  |  |
|-------------------------------------------|---------|--------|----------|-------|----------|----------|--|--|
| Current service costs                     | \$ 763  | \$ 125 | \$ 994   | \$ 31 | \$ 1,913 | \$ 1,039 |  |  |
| Less: Member contributions                | (76)    | -      | -        | -     | (76)     | (92)     |  |  |
| Interest cost on benefit obligation       | 1,131   | 153    | 1,642    | 58    | 2,984    | 1,184    |  |  |
| Expected return on plan assets            | (1,120) | -      | -        | -     | (1,120)  | (1,034)  |  |  |
| Amortization of net actuarial (gain) loss | (32)    | 42     | -        | -     | 10       | (11)     |  |  |
| Net expense for the year                  | \$ 666  | \$ 320 | \$ 2,636 | \$ 89 | \$ 3,711 | \$ 1,086 |  |  |

GOVERNMENT OF YUKON

Schedule D  
Continued

**Schedule of Retirement Benefits  
for the year ended March 31, 2005**

|                                                               | Legislative<br>Assembly<br>Retirement<br>Allowances Plan | Territorial<br>Court<br>Judiciary<br>Pension Plan | Extended<br>Health Care<br>Retirement<br>Benefits | Life<br>Insurance<br>Retirement<br>Benefits |
|---------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------|
| Assumptions                                                   |                                                          |                                                   |                                                   |                                             |
| Expected long-term rate of return on assets                   | 6.0%                                                     | N/A                                               | N/A                                               | N/A                                         |
| Discount rate on projected benefit obligation                 | 6.0%                                                     | 6.0%                                              | 6.0%                                              | 6.0%                                        |
| Inflation                                                     | 3.0%                                                     | 3.0%                                              | N/A                                               | N/A                                         |
| Rate of compensation increase                                 | 3.0% <sup>1</sup>                                        | 3.0% <sup>2</sup>                                 | see below <sup>3</sup>                            | N/A                                         |
| Health care cost trend rate                                   | N/A                                                      | N/A                                               | see below <sup>4</sup>                            | N/A                                         |
| Amortization period (expected average remaining service life) | 8 years                                                  | 4 years                                           | 10 years                                          | 8 years                                     |

<sup>1</sup> Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

<sup>2</sup> Increase to \$178,000 on April 1, 2003. assumed rate thereafter.

<sup>3</sup> 2.5% per annum until January 1, 2006, 3.0% on January 1, 2006 and 2.5% per annum thereafter.

<sup>4</sup> 16% per annum, grading down annually by 2.2% per annum to 5.0% per annum and remaining at that level thereafter.

SECTION II

SUPPLEMENTARY FINANCIAL INFORMATION

(unaudited)

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## GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues  
for the year ended March 31, 2005

|                                                                                           | 2005                  | 2004<br>(Restated)    | Increase<br>(Decrease) |
|-------------------------------------------------------------------------------------------|-----------------------|-----------------------|------------------------|
| <b>Grant from Canada</b>                                                                  | <b>\$ 470,995,266</b> | <b>\$ 426,135,334</b> | <b>\$ 44,859,932</b>   |
| <b>Health and social transfers from Canada</b>                                            |                       |                       |                        |
| Canada health transfer                                                                    | 16,505,823            | -                     | 16,505,823             |
| Canada social transfer                                                                    | 9,050,000             | -                     | 9,050,000              |
| Northern health accord                                                                    | 6,666,666             | 6,666,666             | -                      |
| Health reform transfer                                                                    | 1,448,000             | 979,000               | 469,000                |
| Wait times reduction                                                                      | 609,495               | -                     | 609,495                |
| Other health and social transfers                                                         | 510,062               | 22,676,112            | (22,166,050)           |
|                                                                                           | <u>34,790,046</u>     | <u>30,321,778</u>     | <u>4,468,268</u>       |
| <b>Funding and recoveries from Canada</b>                                                 |                       |                       |                        |
| Fire management                                                                           | 10,629,654            | -                     | 10,629,654             |
| Child welfare                                                                             | 7,608,046             | 8,764,869             | (1,156,823)            |
| Type II mine sites                                                                        | 6,674,077             | 3,848,007             | 2,826,070              |
| Canadian strategic infrastructure fund                                                    | 4,930,405             | -                     | 4,930,405              |
| Canadian Heritage - French language programs                                              | 2,992,314             | 2,638,985             | 353,329                |
| Land claims implementation                                                                | 2,561,835             | 2,635,520             | (73,685)               |
| Continuing care facilities                                                                | 2,075,269             | 1,867,663             | 207,606                |
| Other funding and service agreements                                                      | 16,938,815            | 13,685,951            | 3,252,864              |
|                                                                                           | <u>54,410,415</u>     | <u>33,440,995</u>     | <u>20,969,420</u>      |
| Less funding for tangible capital assets<br>transferred to deferred capital contributions | <u>(7,435,053)</u>    | <u>(1,202,677)</u>    | <u>(6,232,376)</u>     |
|                                                                                           | <u>46,975,362</u>     | <u>32,238,318</u>     | <u>14,737,044</u>      |
| <b>Taxation</b>                                                                           |                       |                       |                        |
| Income taxes                                                                              | 43,031,179            | 40,888,222            | 2,142,957              |
| Fuel tax                                                                                  | 6,445,504             | 6,418,032             | 27,472                 |
| Tobacco tax                                                                               | 6,147,265             | 6,177,208             | (29,943)               |
| Liquor tax                                                                                | 2,665,971             | 2,544,401             | 121,570                |
| General property tax                                                                      | 2,188,228             | 2,195,993             | (7,765)                |
| Insurance premium tax                                                                     | 1,378,282             | 1,339,952             | 38,330                 |
| Grants in lieu of property tax                                                            | 170,816               | 188,145               | (17,329)               |
|                                                                                           | <u>62,027,245</u>     | <u>59,751,953</u>     | <u>2,275,292</u>       |

## GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues  
for the year ended March 31, 2005

|                                         | 2005              | 2004<br>(Restated) | Increase<br>(Decrease) |
|-----------------------------------------|-------------------|--------------------|------------------------|
| <b>Licences, Permits and Fees</b>       |                   |                    |                        |
| Motor vehicle                           | \$ 3,240,537      | \$ 2,931,421       | \$ 309,116             |
| Business and professional               | 2,044,557         | 1,939,037          | 105,520                |
| Land, mines and forestry                | 1,153,978         | 1,049,991          | 103,987                |
| Game, campground and wilderness tourism | 872,410           | 909,797            | (37,387)               |
| Other                                   | 814,244           | 804,299            | 9,945                  |
|                                         | <u>8,125,726</u>  | <u>7,634,545</u>   | <u>491,181</u>         |
| <b>Interest</b>                         |                   |                    |                        |
| Bank and investment                     | 830,344           | 793,672            | 36,672                 |
| Local improvement loans                 | 103,627           | 95,439             | 8,188                  |
| Delinquent accounts                     | 74,623            | 86,765             | (12,142)               |
| Land sale agreements                    | 45,835            | 42,303             | 3,532                  |
| Business loans                          | -                 | 81,350             | (81,350)               |
|                                         | <u>1,054,429</u>  | <u>1,099,529</u>   | <u>(45,100)</u>        |
| <b>Fines</b>                            |                   |                    |                        |
| Territorial Court                       | 431,521           | 467,449            | (35,928)               |
| Library fines                           | 3,900             | 5,474              | (1,574)                |
|                                         | <u>435,421</u>    | <u>472,923</u>     | <u>(37,502)</u>        |
| <b>General</b>                          |                   |                    |                        |
| Yukon Liquor Corporation - net income   | 5,595,015         | 5,715,925          | (120,910)              |
| Oil and gas resource revenue            | 2,184,295         | 3,116,009          | (931,714)              |
| Net profit - restricted funds           | 831,189           | 240,855            | 590,334                |
| Aviation operations                     | 646,153           | 803,608            | (157,455)              |
| Gain on sale of lots                    | 633,867           | 875,656            | (241,789)              |
| Land and mineral leases and royalties   | 249,509           | 317,066            | (67,557)               |
| Other                                   | 130,479           | 818,540            | (688,061)              |
|                                         | <u>10,270,507</u> | <u>11,887,659</u>  | <u>(1,617,152)</u>     |



## GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues  
for the year ended March 31, 2005

|                                                                                      | 2005                  | 2004<br>(Restated)    | Increase<br>(Decrease) |
|--------------------------------------------------------------------------------------|-----------------------|-----------------------|------------------------|
| <b>Funding and service agreements with other parties</b>                             |                       |                       |                        |
| Highways and public works                                                            | \$ 19,435,276         | \$ 21,705,171         | \$ (2,269,895)         |
| Community services                                                                   | 8,429,718             | 10,116,643            | (1,686,925)            |
| Health and social services                                                           | 4,379,365             | 4,087,590             | 291,775                |
| Other                                                                                | 2,216,147             | 2,348,510             | (132,363)              |
|                                                                                      | 34,460,506            | 38,257,914            | (3,797,408)            |
| Less: Land recoveries transferred to<br>land held for sale                           | (6,705,905)           | (5,656,029)           | (1,049,876)            |
| Local improvement recoveries<br>transferred to loans receivable                      | (292,582)             | (291,905)             | (677)                  |
| Funding for tangible capital assets<br>transferred to deferred capital contributions | (17,281,000)          | (18,196,000)          | 915,000                |
|                                                                                      | 10,181,019            | 14,113,980            | (3,932,961)            |
| <b>Amortization of deferred capital contributions</b>                                | 12,987,505            | 12,859,289            | 128,216                |
|                                                                                      | <u>\$ 657,842,526</u> | <u>\$ 596,515,308</u> | <u>\$ 61,327,218</u>   |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                                                       | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|---------------------------------------------------------------------------------------|-------------------|----------------------------|----------------------|------------------|---------------------------|
| <b>Executive Council Office</b>                                                       |                   |                            |                      |                  |                           |
| From Canada                                                                           |                   |                            |                      |                  |                           |
| Operations and maintenance                                                            |                   |                            |                      |                  |                           |
| Land claims implementation - Department of<br>Indian Affairs and Northern Development | \$ 4,790,000      | \$ -                       | 4,790,000            | 2,561,835        | \$ 2,228,165              |
| First Nations relations - Canadian Heritage                                           | 1,100,000         | -                          | 1,100,000            | 1,064,607        | 35,393                    |
| Development assessment process                                                        | -                 | -                          | -                    | 34,679           | (34,679)                  |
|                                                                                       | <b>5,890,000</b>  | <b>-</b>                   | <b>5,890,000</b>     | <b>3,661,121</b> | <b>2,228,879</b>          |
| <b>Taxes and general revenues</b>                                                     |                   |                            |                      |                  |                           |
| Water licence fees                                                                    | 15,000            | -                          | 15,000               | 25,637           | (10,637)                  |
|                                                                                       | <b>5,905,000</b>  | <b>-</b>                   | <b>5,905,000</b>     | <b>3,686,758</b> | <b>2,218,242</b>          |
| <b>Total revenues</b>                                                                 |                   |                            |                      |                  |                           |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                  | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual            | Under (Over)<br>Estimates |
|--------------------------------------------------|-------------------|----------------------------|----------------------|-------------------|---------------------------|
| <b>Community Services</b>                        |                   |                            |                      |                   |                           |
| From Canada                                      |                   |                            |                      |                   |                           |
| Operations and maintenance                       | \$ 139,000        | \$ -                       | \$ 139,000           | \$ 109,989        | \$ 29,011                 |
| Emergency measures                               | -                 | 140,000                    | 140,000              | 140,000           | -                         |
| Sport                                            | -                 | -                          | -                    | -                 | -                         |
| Fire management                                  | -                 | 14,293,000                 | 14,293,000           | 10,629,654        | 3,663,346                 |
| Capital                                          |                   |                            |                      |                   |                           |
| Emergency measures                               | 45,000            | (15,000)                   | 30,000               | 35,948            | (5,948)                   |
| Fire protection - communications radio and pager | 30,000            | -                          | 30,000               | 29,595            | 405                       |
| Canadian strategic infrastructure fund           | 1,000,000         | (1,000,000)                | -                    | -                 | -                         |
| Municipal rural infrastructure fund              | 3,334,000         | (3,334,000)                | -                    | -                 | -                         |
| Old Crow quarry development                      | 1,200,000         | -                          | 1,200,000            | -                 | 1,200,000                 |
|                                                  | <b>5,748,000</b>  | <b>10,084,000</b>          | <b>15,832,000</b>    | <b>10,945,186</b> | <b>4,886,814</b>          |
| <b>Taxes and general revenues</b>                |                   |                            |                      |                   |                           |
| Fuel storage tank permits                        | 4,000             | -                          | 4,000                | 506               | 3,494                     |
| Interest on local improvement                    | 166,000           | -                          | 166,000              | 103,627           | 62,373                    |
| General property tax                             | 2,190,000         | 100,000                    | 2,290,000            | 2,188,228         | 101,772                   |
| Grant in lieu of property tax                    | 200,000           | -                          | 200,000              | 170,816           | 29,184                    |
| Taxation interest/penalties                      | -                 | -                          | -                    | 62,584            | (62,584)                  |
| Property subdivision application fee             | 7,000             | -                          | 7,000                | 12,635            | (5,635)                   |
| Private vehicle licences                         | 1,021,000         | -                          | 1,021,000            | 1,118,159         | (97,159)                  |
| Commercial vehicle licences                      | 1,614,000         | -                          | 1,614,000            | 1,723,912         | (109,912)                 |
| Miscellaneous motor vehicle revenue              | 305,000           | -                          | 305,000              | 304,410           | 590                       |
| Library fines                                    | 8,000             | -                          | 8,000                | 3,900             | 4,100                     |
| Rental of equipment                              | 2,000             | -                          | 2,000                | 597               | 1,403                     |
| Photocopier fee                                  | 3,000             | -                          | 3,000                | 6,690             | (3,690)                   |
| Professional/consumer licensing                  | 424,000           | -                          | 424,000              | 182,332           | 241,668                   |
| Business/corporate licensing                     | 1,376,000         | -                          | 1,376,000            | 1,862,225         | (486,225)                 |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|------------------------------------------------|-------------------|----------------------------|----------------------|------------------|---------------------------|
| <b>Community Services</b>                      |                   |                            |                      |                  |                           |
| Taxes and general revenues (continued)         | \$                | \$                         | \$                   | \$               | \$                        |
| Public safety                                  | 245,000           | -                          | 245,000              | 269,350          | (24,350)                  |
| Labour services                                | -                 | -                          | -                    | 827              | (827)                     |
| Lands                                          | -                 | -                          | -                    | -                | -                         |
| - land leases                                  | -                 | -                          | -                    | 4,215            | (4,215)                   |
| - administration/interest                      | -                 | -                          | -                    | 11,320           | (11,320)                  |
| Loss on sale of land                           | -                 | -                          | -                    | (58,452)         | 58,452                    |
|                                                | <b>7,565,000</b>  | <b>100,000</b>             | <b>7,665,000</b>     | <b>7,967,881</b> | <b>(302,881)</b>          |
| <b>Third-party recoveries</b>                  |                   |                            |                      |                  |                           |
| Operations and maintenance                     |                   |                            |                      |                  |                           |
| Community recreation/active living             | 58,000            | -                          | 58,000               | 64,800           | (6,800)                   |
| Sport                                          | 294,000           | -                          | 294,000              | 281,125          | 12,875                    |
| Community assessments                          | 325,000           | -                          | 325,000              | 333,245          | (8,245)                   |
| Water and sewer services                       | 212,000           | -                          | 212,000              | 266,903          | (54,903)                  |
| Mosquito control                               | 21,000            | -                          | 21,000               | 25,944           | (4,944)                   |
| Motor vehicles                                 | 3,000             | -                          | 3,000                | 1,489            | 1,511                     |
| Author readings                                | 14,000            | -                          | 14,000               | 10,000           | 4,000                     |
| Fire management                                | -                 | -                          | -                    | 457,308          | (457,308)                 |
| Capital                                        |                   |                            |                      |                  |                           |
| Rural electrification and telephone            | 500,000           | 31,000                     | 531,000              | 292,582          | 238,418                   |
| Domestic well program                          | 700,000           | -                          | 700,000              | -                | 700,000                   |
| Land development cost recovery                 | 150,000           | -                          | 150,000              | 480,873          | (330,873)                 |
| - industrial                                   | 9,585,000         | (2,102,000)                | 7,483,000            | 6,215,449        | 1,267,551                 |
| - residential                                  | -                 | 48,000                     | 48,000               | -                | 48,000                    |
| Office furniture, equipment, systems and space | 11,862,000        | (2,023,000)                | 9,839,000            | 8,429,718        | 1,409,282                 |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                                 | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual            | Under (Over)<br>Estimates |
|-----------------------------------------------------------------|-------------------|----------------------------|----------------------|-------------------|---------------------------|
| <b>Community Services</b>                                       |                   |                            |                      |                   |                           |
| Less: Land recoveries transferred to<br>land held for sale      | \$ (9,735,000)    | \$ 2,102,000               | \$ (7,633,000)       | \$ (6,694,501)    | \$ (938,499)              |
| Local improvement recoveries transferred to<br>loans receivable | (1,200,000)       | (31,000)                   | (1,231,000)          | (292,582)         | (938,418)                 |
|                                                                 | <u>927,000</u>    | <u>48,000</u>              | <u>975,000</u>       | <u>1,442,635</u>  | <u>(467,635)</u>          |
| Total revenues                                                  | <u>14,240,000</u> | <u>10,232,000</u>          | <u>24,472,000</u>    | <u>20,355,702</u> | <u>4,116,298</u>          |
| <b>Economic Development</b>                                     |                   |                            |                      |                   |                           |
| From Canada                                                     |                   |                            |                      |                   |                           |
| Operations and maintenance                                      | 100,000           | -                          | 100,000              | 85,451            | 14,549                    |
| Miscellaneous programs and projects - Canada                    |                   |                            |                      |                   |                           |
| Capital                                                         | -                 | 217,000                    | 217,000              | 217,000           | -                         |
| Community access program                                        |                   |                            |                      |                   |                           |
| Total revenues                                                  | <u>100,000</u>    | <u>217,000</u>             | <u>317,000</u>       | <u>302,451</u>    | <u>14,549</u>             |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                              | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|----------------------------------------------|-------------------|----------------------------|----------------------|------------------|---------------------------|
| <b>Education</b>                             |                   |                            |                      |                  |                           |
| From Canada                                  |                   |                            |                      |                  |                           |
| Operations and maintenance                   |                   |                            |                      |                  |                           |
| Canadian Heritage - French language programs | \$ 1,004,000      | \$ 121,000                 | \$ 1,125,000         | \$ 1,452,314     | \$ (327,314)              |
| Human Resources Development Canada           |                   |                            |                      |                  |                           |
| - skills development                         | 825,000           | -                          | 825,000              | 947,752          | (122,752)                 |
| Student financial assistance                 |                   |                            |                      |                  |                           |
| - Canada student loan                        | 41,000            | -                          | 41,000               | 42,136           | (1,136)                   |
| - millennium scholarship fund                | 40,000            | -                          | 40,000               | 40,000           | -                         |
| - Canada study grants                        | 28,000            | 42,000                     | 70,000               | 60,490           | 9,510                     |
|                                              | <b>1,938,000</b>  | <b>163,000</b>             | <b>2,101,000</b>     | <b>2,542,692</b> | <b>(441,692)</b>          |
| Taxes and general revenues                   |                   |                            |                      |                  |                           |
| Extension programs fees                      | 5,000             | -                          | 5,000                | 251              | 4,749                     |
| Summer school fees                           | 10,000            | -                          | 10,000               | 7,750            | 2,250                     |
| Computer camp fees                           | 10,000            | -                          | 10,000               | 6,770            | 3,230                     |
| Apprenticeship certification                 | 1,000             | -                          | 1,000                | 1,433            | (433)                     |
|                                              | <b>26,000</b>     | <b>-</b>                   | <b>26,000</b>        | <b>16,204</b>    | <b>9,796</b>              |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                                     | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|---------------------------------------------------------------------|-------------------|----------------------------|----------------------|------------------|---------------------------|
| <b>Education</b>                                                    |                   |                            |                      |                  |                           |
| Third-party recoveries                                              | \$ 9,000          | \$ -                       | \$ 9,000             | \$ -             | \$ 9,000                  |
| Operations and maintenance                                          | 120,000           | -                          | 120,000              | 107,540          | 12,460                    |
| Student information and assessments                                 | 5,000             | -                          | 5,000                | 4,603            | 397                       |
| Student accommodation                                               |                   |                            |                      |                  |                           |
| Staff accommodation rental                                          | 171,000           | -                          | 171,000              | 165,476          | 5,524                     |
| Council of Ministers of Education of Canada<br>agreement - monitors | 233,000           | -                          | 233,000              | 170,200          | 62,800                    |
| Stikine students                                                    | 35,000            | -                          | 35,000               | 47,737           | (12,737)                  |
| Yukon Teachers' Association - substitute teachers                   | 5,000             | -                          | 5,000                | 2,372            | 2,628                     |
| Canadian National Marsville                                         | 2,000             | -                          | 2,000                | 4,272            | (2,272)                   |
| Charles R. Bronfman Foundation Heritage<br>Capital                  | 40,000            | -                          | 40,000               | 20,000           | 20,000                    |
| School-based equipment purchase                                     | 620,000           | -                          | 620,000              | 522,200          | 97,800                    |
| Amortization of deferred capital contributions                      | 130,000           | -                          | 130,000              | 129,630          | 370                       |
| <b>Total revenues</b>                                               | <b>2,714,000</b>  | <b>163,000</b>             | <b>2,877,000</b>     | <b>3,210,726</b> | <b>(333,726)</b>          |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                       | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|-------------------------------------------------------|-------------------|----------------------------|----------------------|------------------|---------------------------|
| <b>Energy, Mines and Resources</b>                    |                   |                            |                      |                  |                           |
| From Canada                                           | \$                | 10,000 \$                  | - \$                 | 10,470 \$        | (470)                     |
| Operations and maintenance                            |                   |                            |                      |                  |                           |
| Parks Canada - library access                         |                   |                            |                      |                  |                           |
| Tough report funding - Department of Indian Affairs   | 271,000           | 223,000                    | 494,000              | 463,836          | 30,164                    |
| and Northern Development (DIAND)                      | 321,000           | -                          | 321,000              | 200,000          | 121,000                   |
| Agriculture food innovation program                   |                   |                            |                      |                  |                           |
| Agriculture Canada                                    | 3,000             | -                          | 3,000                | 4,000            | (1,000)                   |
| - rent                                                |                   |                            |                      |                  |                           |
| - industry transition program                         | -                 | 190,000                    | 190,000              | 100,000          | 90,000                    |
| Type II mine sites - DIAND                            | 7,805,000         | 1,288,000                  | 9,093,000            | 6,674,077        | 2,418,923                 |
| Yukon Placer Committee                                | 19,000            | -                          | 19,000               | 580              | 18,420                    |
| Canadian Council of Resource Minister's Conference    |                   |                            |                      |                  |                           |
| - NIR Canada funding                                  | -                 | 40,000                     | 40,000               | 40,000           | -                         |
| Northern Geoscience agreement                         | -                 | 179,000                    | 179,000              | 179,171          | (171)                     |
| Capital                                               |                   |                            |                      |                  |                           |
| Forest Inventory                                      | 806,000           | (147,000)                  | 659,000              | 683,719          | (24,719)                  |
| Geological surveys - knowledge and innovation funding | -                 | 70,000                     | 70,000               | 70,057           | (57)                      |
|                                                       | <b>9,235,000</b>  | <b>1,843,000</b>           | <b>11,078,000</b>    | <b>8,425,910</b> | <b>2,652,090</b>          |

## Taxes and general revenues

|                                  |         |   |         |         |          |
|----------------------------------|---------|---|---------|---------|----------|
| Lands                            | 15,000  | - | 15,000  | 34,515  | (19,515) |
| - administration/interest        | 6,000   | - | 6,000   | 9,342   | (3,342)  |
| - land sale fees                 | 1,000   | - | 1,000   | -       | 1,000    |
| - unearned equity                | 200,000 | - | 200,000 | 190,320 | 9,680    |
| - land leases                    | 23,000  | - | 23,000  | 35,112  | (12,112) |
| - land use fees                  | 55,000  | - | 55,000  | 20,272  | 34,728   |
| - quarrying royalties and leases |         |   |         |         |          |



## GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department  
for the year ended March 31, 2005**

|                                                      | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|------------------------------------------------------|-------------------|----------------------------|----------------------|------------------|---------------------------|
| <b>Energy, Mines and Resources</b>                   |                   |                            |                      |                  |                           |
| Taxes and general revenues (continued)               |                   |                            |                      |                  |                           |
| Lands (continued)                                    |                   |                            |                      |                  |                           |
| - sale of undeveloped land                           | \$ 125,000        | \$ -                       | \$ 125,000           | \$ 692,319       | \$ (567,319)              |
| - royalties collected on lease agreements            | 15,000            | -                          | 15,000               | 8,020            | 6,980                     |
| - other royalties                                    | 10,000            | -                          | 10,000               | 19,772           | (9,772)                   |
| Forestry                                             |                   |                            |                      |                  |                           |
| - application fees                                   | 10,000            | -                          | 10,000               | 3,128            | 6,872                     |
| - stumpage dues                                      | 20,000            | -                          | 20,000               | 10,886           | 9,114                     |
| - reforestation fees                                 | 35,000            | -                          | 35,000               | 8,471            | 26,529                    |
| Agricultural land application and grazing lease fees | 4,000             | -                          | 4,000                | 4,896            | (896)                     |
| Oil and gas management                               |                   |                            |                      |                  |                           |
| - royalties                                          | 1,975,000         | 2,025,000                  | 4,000,000            | 2,169,387        | 1,830,613                 |
| - rentals and administration                         | 16,000            | -                          | 16,000               | 14,908           | 1,092                     |
| - disposition                                        | 2,600,000         | -                          | 2,600,000            | -                | 2,600,000                 |
| Sale of maps                                         | 10,000            | -                          | 10,000               | 12,335           | (2,335)                   |
| Minerals management                                  |                   |                            |                      |                  |                           |
| - coal leases, permits and royalties                 | 48,000            | -                          | 48,000               | 14,396           | 33,604                    |
| - placer mining fees                                 | 250,000           | -                          | 250,000              | 249,060          | 940                       |
| - quartz mining fees and leases                      | 500,000           | -                          | 500,000              | 817,788          | (317,788)                 |
| - maps, publications and charts                      | 5,000             | -                          | 5,000                | 4,045            | 955                       |
| - mining fees - miscellaneous                        | 20,000            | -                          | 20,000               | 899              | 19,101                    |
| - dredging rental                                    | -                 | -                          | -                    | 6,910            | (6,910)                   |
|                                                      | <b>5,943,000</b>  | <b>2,025,000</b>           | <b>7,968,000</b>     | <b>4,326,781</b> | <b>3,641,219</b>          |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                        | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual     | Under (Over)<br>Estimates |
|--------------------------------------------------------|-------------------|----------------------------|----------------------|------------|---------------------------|
| <b>Energy, Mines and Resources</b>                     |                   |                            |                      |            |                           |
| Third-party recoveries                                 | \$ 2,000          | \$ -                       | 2,000                | 1,768      | 232                       |
| Operations and maintenance                             | 2,000             | -                          | 2,000                | 2,565      | (565)                     |
| Agriculture conference                                 |                   |                            |                      |            |                           |
| Master gardener course                                 | 10,000            | -                          | 10,000               | 14,900     | (4,900)                   |
| Capital                                                | 500,000           | -                          | 500,000              | -          | 500,000                   |
| Legal surveys                                          | 100,000           | -                          | 100,000              | 11,404     | 88,596                    |
| Forest engineering                                     |                   |                            |                      |            |                           |
| Agricultural land development                          | 614,000           | -                          | 614,000              | 30,637     | 583,363                   |
|                                                        | (100,000)         | -                          | (100,000)            | (11,404)   | (88,596)                  |
| Less land recoveries transferred to land held for sale | 514,000           | -                          | 514,000              | 19,233     | 494,767                   |
| Amortization of deferred capital contributions         | 33,000            | -                          | 33,000               | 30,280     | 2,720                     |
| Total revenues                                         | 15,725,000        | 3,868,000                  | 19,593,000           | 12,802,204 | 6,790,796                 |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                    | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|----------------------------------------------------|-------------------|----------------------------|----------------------|------------------|---------------------------|
| <b>Environment</b>                                 |                   |                            |                      |                  |                           |
| From Canada                                        |                   |                            |                      |                  |                           |
| Operations and maintenance                         | \$ 100,000        | \$ -                       | \$ 100,000           | \$ -             | \$ 100,000                |
| Miscellaneous partnerships                         | 803,000           | 98,000                     | 901,000              | 900,705          | 295                       |
| Inuvialuit Final Agreement                         | -                 | 44,000                     | 44,000               | 38,456           | 5,544                     |
| Canadian Council of Resource Ministers' Conference | -                 | 54,000                     | 54,000               | 53,790           | 210                       |
| Nahanni caribou monitoring project                 | -                 | 56,000                     | 56,000               | 56,000           | -                         |
| Habitat stewardship program                        | -                 | -                          | -                    | 3,000            | (3,000)                   |
| Porcupine caribou monitoring                       | -                 | -                          | -                    | 5,997            | (5,997)                   |
| Vehicle emissions clinic                           | -                 | -                          | -                    | -                | -                         |
| Capital                                            | -                 | 45,000                     | 45,000               | 45,000           | -                         |
| Chisana caribou recovery project                   | -                 | -                          | -                    | -                | -                         |
|                                                    | <b>903,000</b>    | <b>297,000</b>             | <b>1,200,000</b>     | <b>1,102,948</b> | <b>97,052</b>             |
| Taxes and general revenues                         |                   |                            |                      |                  |                           |
| Yukon Wildlife Preserve                            | 326,000           | (296,000)                  | 30,000               | 31,039           | (1,039)                   |
| Campground permits                                 | 306,000           | -                          | 306,000              | 284,939          | 21,061                    |
| Wilderness tourism licensing                       | 8,000             | -                          | 8,000                | 9,200            | (1,200)                   |
| Hunting licences and seals                         | 322,000           | -                          | 322,000              | 316,129          | 5,871                     |
| Trapping and fur licences                          | 6,000             | -                          | 6,000                | 4,613            | 1,387                     |
| Fishing licences                                   | 240,000           | -                          | 240,000              | 241,757          | (1,757)                   |
| Outfitting fees                                    | 10,000            | -                          | 10,000               | 14,717           | (4,717)                   |
| Environmental permits                              | -                 | -                          | -                    | 725              | (725)                     |
| Miscellaneous permits & fees                       | -                 | -                          | -                    | 1,055            | (1,055)                   |
|                                                    | <b>1,218,000</b>  | <b>(296,000)</b>           | <b>922,000</b>       | <b>904,174</b>   | <b>17,826</b>             |

## GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department  
for the year ended March 31, 2005**

|                                        | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|----------------------------------------|-------------------|----------------------------|----------------------|------------------|---------------------------|
| <b>Environment</b>                     |                   |                            |                      |                  |                           |
| Third-party recoveries                 | \$ 10,000         | \$ -                       | 10,000               | \$ 11,752        | \$ (1,752)                |
| Operations and maintenance             | 50,000            | -                          | 50,000               | -                | 50,000                    |
| Advertising recoveries - publications  | 10,000            | -                          | 10,000               | 936              | 9,064                     |
| Yukon Wildlife Preserve                | 20,000            | -                          | 20,000               | 20,000           | -                         |
| Mapping recoveries                     | 2,000             | -                          | 2,000                | 1,500            | 500                       |
| Freshwater fisheries agreement         | 2,000             | -                          | 2,000                | 1,700            | 300                       |
| Province of British Columbia           | 60,000            | 60,000                     | 120,000              | 122,930          | (2,930)                   |
| Conservation Action Team               | -                 | -                          | -                    | 3,000            | (3,000)                   |
| Special waste collection               | -                 | -                          | -                    | 7,217            | (7,217)                   |
| Porcupine caribou monitoring agreement | -                 | -                          | -                    | 49,500           | (49,500)                  |
| Colorado lynx recovery project         | -                 | -                          | -                    | -                | -                         |
| Boreal forest monitoring project       | -                 | -                          | -                    | -                | -                         |
|                                        | <b>154,000</b>    | <b>60,000</b>              | <b>214,000</b>       | <b>218,535</b>   | <b>(4,535)</b>            |
| <b>Total revenues</b>                  | <b>2,275,000</b>  | <b>61,000</b>              | <b>2,336,000</b>     | <b>2,225,657</b> | <b>110,343</b>            |

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                      | Main<br>Estimates  | Supplementary<br>Estimates | Revised<br>Estimates | Actual             | Under (Over)<br>Estimates |
|------------------------------------------------------|--------------------|----------------------------|----------------------|--------------------|---------------------------|
| <b>Finance</b>                                       |                    |                            |                      |                    |                           |
| From Canada                                          |                    |                            |                      |                    |                           |
| Grant from Canada                                    | \$ 434,339,000     | \$ 50,302,000              | \$ 484,641,000       | \$ 470,995,266     | \$ 13,645,734             |
| Canada health transfer                               | 15,048,000         | 1,948,000                  | 16,996,000           | 16,505,823         | 490,177                   |
| Canada social transfer                               | 9,294,000          | (244,000)                  | 9,050,000            | 9,050,000          | -                         |
| Other health care transfers                          |                    |                            |                      |                    |                           |
| - Health reform transfer                             | 1,497,000          | (49,000)                   | 1,448,000            | 1,448,000          | -                         |
| - Northern health accord                             | 6,667,000          | -                          | 6,667,000            | 6,666,666          | 334                       |
| - Canada health and social transfer supplement trust | 1,935,000          | (1,001,000)                | 934,000              | 934,345            | (345)                     |
| - Wait times reduction                               | -                  | 610,000                    | 610,000              | 609,495            | 505                       |
| - Public health and immunization trust               | -                  | 130,000                    | 130,000              | 129,717            | 283                       |
| Canada health and social transfer - prior year       | -                  | (554,000)                  | (554,000)            | (554,000)          | -                         |
|                                                      | <b>468,780,000</b> | <b>51,142,000</b>          | <b>519,922,000</b>   | <b>505,785,312</b> | <b>14,136,688</b>         |
| <b>Taxes and general revenues</b>                    |                    |                            |                      |                    |                           |
| Personal income tax                                  | 34,382,000         | -                          | 34,382,000           | 35,074,133         | (692,133)                 |
| Corporate income tax                                 | 5,501,000          | -                          | 5,501,000            | 7,957,046          | (2,456,046)               |
| Fuel oil tax - diesel                                | 2,701,000          | -                          | 2,701,000            | 2,788,750          | (87,750)                  |
| Fuel oil tax - other                                 | 4,134,000          | -                          | 4,134,000            | 3,656,754          | 477,246                   |
| Insurance premium tax                                | 1,451,000          | -                          | 1,451,000            | 1,378,282          | 72,718                    |
| Tobacco tax                                          | 6,199,000          | -                          | 6,199,000            | 6,147,265          | 51,735                    |
| Banking and investment                               | 250,000            | -                          | 250,000              | 830,344            | (580,344)                 |
| Interest on accounts receivable                      | 10,000             | -                          | 10,000               | 12,039             | (2,039)                   |
| Exchange                                             | 4,000              | -                          | 4,000                | 5,134              | (1,134)                   |
| Loan guarantee fees                                  | 2,000              | -                          | 2,000                | 1,500              | 500                       |
| Miscellaneous revenue                                | 22,000             | -                          | 22,000               | 29,220             | (7,220)                   |
|                                                      | <b>54,656,000</b>  | <b>-</b>                   | <b>54,656,000</b>    | <b>57,880,467</b>  | <b>(3,224,467)</b>        |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                                 | Main<br>Estimates  | Supplementary<br>Estimates | Revised<br>Estimates | Actual             | Under (Over)<br>Estimates |
|-----------------------------------------------------------------|--------------------|----------------------------|----------------------|--------------------|---------------------------|
| <b>Finance</b>                                                  |                    |                            |                      |                    |                           |
| Third-party recoveries                                          |                    |                            |                      |                    |                           |
| Operations and maintenance                                      |                    |                            |                      |                    |                           |
| Workers' Compensation Health and Safety Board payroll           | \$ 6,000           | \$ -                       | \$ 6,000             | \$ 6,000           | \$ -                      |
| Charge card incentive                                           | 10,000             | -                          | 10,000               | 14,449             | (4,449)                   |
| Capital                                                         |                    |                            |                      |                    |                           |
| Loan guarantee contingency                                      | 250,000            | -                          | 250,000              | -                  | 250,000                   |
|                                                                 | <b>266,000</b>     | <b>-</b>                   | <b>266,000</b>       | <b>20,449</b>      | <b>245,551</b>            |
| <b>Total revenues</b>                                           | <b>523,702,000</b> | <b>51,142,000</b>          | <b>574,844,000</b>   | <b>563,686,228</b> | <b>11,157,772</b>         |
| <b>Health and Social Services</b>                               |                    |                            |                      |                    |                           |
| From Canada                                                     |                    |                            |                      |                    |                           |
| Operations and maintenance                                      |                    |                            |                      |                    |                           |
| Child welfare                                                   |                    |                            |                      |                    |                           |
| - Department of Indian Affairs and Northern Development (DIAND) | 6,376,000          | -                          | 6,376,000            | 7,545,791          | (1,169,791)               |
| - DIAND - prior year recovery                                   | -                  | 62,000                     | 62,000               | 62,255             | (255)                     |
| Federal child benefit                                           | 285,000            | -                          | 285,000              | 479,747            | (194,747)                 |
| Transition home and Dawson shelter - DIAND                      | 249,000            | -                          | 249,000              | 367,698            | (118,698)                 |
| Youth criminal justice - cost sharing agreements                | 1,358,000          | 8,000                      | 1,366,000            | 1,366,708          | (708)                     |
| Social services                                                 | 650,000            | 32,000                     | 682,000              | 546,264            | 135,736                   |
| Yukon child benefit - DIAND                                     | 240,000            | -                          | 240,000              | 240,000            | -                         |
| Continuing Care Facilities - DIAND                              | 1,311,000          | 32,000                     | 1,343,000            | 2,075,269          | (732,269)                 |
| Home care - DIAND                                               | 110,000            | 18,000                     | 128,000              | 129,718            | (1,718)                   |

## GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department  
for the year ended March 31, 2005**

|                                                                                                   | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual            | Under (Over)<br>Estimates |
|---------------------------------------------------------------------------------------------------|-------------------|----------------------------|----------------------|-------------------|---------------------------|
| <b>Health and Social Services</b>                                                                 |                   |                            |                      |                   |                           |
| From Canada (continued)                                                                           | \$ 1,921,000      | \$ 96,000                  | \$ 2,017,000         | \$ 1,141,007      | \$ 875,993                |
| Primary health care transition fund                                                               | 251,000           | 147,000                    | 398,000              | 358,403           | 39,597                    |
| Health promotion - tobacco control program                                                        |                   |                            |                      |                   |                           |
| Emergency travel recoveries                                                                       | 850,000           | -                          | 850,000              | 702,124           | 147,876                   |
| - First Nations benefits medical travel                                                           | 26,000            | -                          | 26,000               | 26,367            | (367)                     |
| Community nursing - Lower Post recovery                                                           | -                 | 150,000                    | 150,000              | 132,744           | 17,256                    |
| Alcohol and drug survey - Health Canada                                                           | -                 | -                          | -                    | 34,531            | (34,531)                  |
| National diabetes surveillance system                                                             |                   |                            |                      |                   |                           |
| Capital                                                                                           |                   |                            |                      |                   |                           |
| Continuing care - renovations and equipment                                                       | 72,000            | 21,000                     | 93,000               | 94,905            | (1,905)                   |
| Yukon Hospital Corporation - equipment                                                            | 231,000           | 300,000                    | 531,000              | 531,000           | -                         |
| Community health programs - renovations and equipment                                             | 32,000            | -                          | 32,000               | 32,000            | -                         |
| Community nursing - renovations and equipment                                                     | 66,000            | 70,000                     | 136,000              | 142,692           | (6,692)                   |
| Ambulance services - vehicle replacement,<br>renovations and equipment                            | 72,000            | -                          | 72,000               | 59,279            | 12,721                    |
| Primary health care transition fund                                                               | 375,000           | -                          | 375,000              | 227,710           | 147,290                   |
| Diagnostic/medical equipment fund                                                                 | -                 | 19,000                     | 19,000               | -                 | 19,000                    |
| Environment Health - drinking water equipment                                                     | -                 | -                          | -                    | 18,000            | (18,000)                  |
|                                                                                                   | 14,475,000        | 955,000                    | 15,430,000           | 16,314,212        | (884,212)                 |
|                                                                                                   | (363,000)         | (341,000)                  | (704,000)            | (368,651)         | (335,349)                 |
| <b>Less funding for tangible capital assets transferred to<br/>deferred capital contributions</b> | <b>14,112,000</b> | <b>614,000</b>             | <b>14,726,000</b>    | <b>15,945,561</b> | <b>(1,219,561)</b>        |

## GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department**  
**for the year ended March 31, 2005**

|                                                      | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual    | Under (Over)<br>Estimates |
|------------------------------------------------------|-------------------|----------------------------|----------------------|-----------|---------------------------|
| <b>Health and Social Services</b>                    |                   |                            |                      |           |                           |
| Taxes and general revenues                           | \$ 34,000         | \$ -                       | \$ 34,000            | \$ 34,843 | \$ (843)                  |
| Registration and fees                                | 8,000             | -                          | 8,000                | 10,350    | (2,350)                   |
| Environmental health - inspection/permits            |                   |                            |                      |           |                           |
|                                                      | 42,000            | -                          | 42,000               | 45,193    | (3,193)                   |
| <b>Third-party recoveries</b>                        |                   |                            |                      |           |                           |
| Operations and maintenance                           |                   |                            |                      |           |                           |
| Family and children's services - client recovery     | 4,000             | -                          | 4,000                | 500       | 3,500                     |
| Social services - client recovery                    | 50,000            | -                          | 50,000               | 64,368    | (14,368)                  |
| Continuing Care Facilities - Whitehorse and Dawson   |                   |                            |                      |           |                           |
| - residents                                          | 843,000           | (178,000)                  | 665,000              | 651,074   | 13,926                    |
| - adult day program and Province of British Columbia | 13,000            | -                          | 13,000               | 11,319    | 1,681                     |
| Primary health care transition projects              | -                 | -                          | -                    | 61,700    | (61,700)                  |
| Third party                                          |                   |                            |                      |           |                           |
| - medical care                                       | 25,000            | -                          | 25,000               | 24,524    | 476                       |
| - hospital care                                      | 65,000            | -                          | 65,000               | 95,184    | (30,184)                  |
| - medical travel                                     | 200,000           | -                          | 200,000              | 85,107    | 114,893                   |
| Emergency travel recoveries - non-residents travel   |                   |                            |                      |           |                           |
| Reciprocal billing                                   | 200,000           | -                          | 200,000              | 375,664   | (175,664)                 |
| Communication aids                                   | 1,430,000         | -                          | 1,430,000            | 1,683,154 | (253,154)                 |
| Hearing assessments                                  | 255,000           | (25,000)                   | 230,000              | 294,147   | (64,147)                  |
| Community nursing                                    | 30,000            | -                          | 30,000               | 21,465    | 8,535                     |
| - patient services                                   | 274,000           | 89,000                     | 363,000              | 567,642   | (204,642)                 |
| - drug recoveries                                    | 17,000            | 6,000                      | 23,000               | 24,006    | (1,006)                   |
| - rent/utility and dietary recoveries                | 95,000            | (1,000)                    | 94,000               | 114,366   | (20,366)                  |
| - Whitehorse Health Centre vaccines                  | 50,000            | 16,000                     | 66,000               | 74,884    | (8,884)                   |
| - ambulance services                                 | 90,000            | -                          | 90,000               | 100,767   | (10,767)                  |



GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual            | Under (Over)<br>Estimates |
|------------------------------------------------|-------------------|----------------------------|----------------------|-------------------|---------------------------|
| <b>Health and Social Services</b>              |                   |                            |                      |                   |                           |
| Third-party recoveries (continued)             |                   |                            |                      |                   |                           |
| Miscellaneous                                  | \$ 1,000          | \$ -                       | \$ 1,000             | \$ 7,953          | \$ (6,953)                |
| Prairie northern FAS partnership conference    | -                 | 3,000                      | 3,000                | 4,643             | (1,643)                   |
| Native Training Corp - Ta'an Kwach'an Council  | -                 | 10,000                     | 10,000               | 15,000            | (5,000)                   |
| Capital                                        | -                 | -                          | -                    | -                 | -                         |
| Systems development - Canada health infoway    | -                 | 416,000                    | 416,000              | 103,232           | 312,768                   |
| Systems development - telehealth               | -                 | -                          | -                    | (1,334)           | 1,334                     |
|                                                | <u>3,642,000</u>  | <u>336,000</u>             | <u>3,978,000</u>     | <u>4,379,365</u>  | <u>(401,365)</u>          |
| Amortization of deferred capital contributions | <u>1,337,000</u>  | <u>27,000</u>              | <u>1,364,000</u>     | <u>1,377,187</u>  | <u>(13,187)</u>           |
| Total revenues                                 | <u>19,133,000</u> | <u>977,000</u>             | <u>20,110,000</u>    | <u>21,747,306</u> | <u>(1,637,306)</u>        |

**Schedule of Revenues by Department  
for the year ended March 31, 2005**

|                                                                                                 | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual    | Under (Over)<br>Estimates |
|-------------------------------------------------------------------------------------------------|-------------------|----------------------------|----------------------|-----------|---------------------------|
| <b>Highways and Public Works</b>                                                                |                   |                            |                      |           |                           |
| From Canada                                                                                     |                   |                            |                      |           |                           |
| Operations and maintenance                                                                      |                   |                            |                      |           |                           |
| Information and communications service agreements                                               | \$ 7,000          | \$ -                       | 7,000                | \$ 76,244 | \$ (69,244)               |
| Transportation recoverable services                                                             | 29,000            | -                          | 29,000               | 28,427    | 573                       |
| Airports                                                                                        | 4,000             | -                          | 4,000                | 3,655     | 345                       |
| French language services - Canadian Heritage                                                    | 1,344,000         | 100,000                    | 1,444,000            | 1,444,000 | -                         |
| National safety code agreement                                                                  | -                 | 131,000                    | 131,000              | 8,627     | 122,373                   |
| Capital                                                                                         |                   |                            |                      |           |                           |
| Multi-departmental mobile radio system replacement                                              | 65,000            | -                          | 65,000               | 97,560    | (32,560)                  |
| Alaska Highway                                                                                  |                   |                            |                      |           |                           |
| - Canadian strategic infrastructure fund                                                        | 5,635,000         | -                          | 5,635,000            | 4,930,405 | 704,595                   |
| Bridge rehabilitation                                                                           | 1,400,000         | 27,000                     | 1,427,000            | 1,352,549 | 74,451                    |
| Airports                                                                                        |                   |                            |                      |           |                           |
| - Whitehorse                                                                                    | 432,000           | 820,000                    | 1,252,000            | 684,143   | 567,857                   |
| - Old Crow                                                                                      | 1,310,000         | -                          | 1,310,000            | 54,288    | 1,255,712                 |
| Project management services                                                                     | 590,000           | -                          | 590,000              | 72,918    | 517,082                   |
| French language services                                                                        |                   |                            |                      |           |                           |
| - office furniture, equipment, systems and space                                                | 6,000             | -                          | 6,000                | 6,000     | -                         |
| Corporate services                                                                              |                   |                            |                      |           |                           |
| - office furniture, equipment, systems and space                                                | -                 | 5,000                      | 5,000                | 2,235     | 2,765                     |
| Association franco-yukonnaise - Centre de la francophonie building addition (Canadian Heritage) | -                 | 90,000                     | 90,000               | 90,000    | -                         |
| Yukon digital elevation model                                                                   | -                 | -                          | -                    | 81,300    | (81,300)                  |
|                                                                                                 | 10,822,000        | 1,173,000                  | 11,995,000           | 8,932,351 | 3,062,649                 |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|    | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|----|-------------------|----------------------------|----------------------|------------------|---------------------------|
| \$ | (8,047,000) \$    | (192,000) \$               | (8,239,000) \$       | (7,066,402) \$   | (1,172,598)               |
|    | <b>2,775,000</b>  | <b>981,000</b>             | <b>3,756,000</b>     | <b>1,865,949</b> | <b>1,890,051</b>          |
|    | 1,000             | -                          | 1,000                | 4,350            | (3,350)                   |
|    | 8,000             | -                          | 8,000                | 10,095           | (2,095)                   |
|    | 728,000           | (46,000)                   | 682,000              | 646,153          | 35,847                    |
|    | 6,000             | -                          | 6,000                | 7,096            | (1,096)                   |
|    | 82,000            | -                          | 82,000               | 86,960           | (4,960)                   |
|    | 10,000            | 6,000                      | 16,000               | 16,820           | (820)                     |
|    | -                 | -                          | -                    | 33,000           | (33,000)                  |
|    | <b>835,000</b>    | <b>(40,000)</b>            | <b>795,000</b>       | <b>804,474</b>   | <b>(9,474)</b>            |

## Highways and Public Works

Less funding for tangible capital assets transferred to  
deferred capital contributions

## Taxes and general revenues

Access to Information and Protection of Privacy

Highway information sign/permits

Aviation operations

Motor Transport Board fees

Weigh station fees

Adult French class fees

Management fee

## Third-party recoveries

Operations and maintenance

Management fee

Deposit forfeitures

Corporation central facility processing cost

PC maintenance

Information and communications service agreements

Highways employee housing

Transportation recoverable services

Weigh stations

Airports

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                                                           | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|-------------------------------------------------------------------------------------------|-------------------|----------------------------|----------------------|------------------|---------------------------|
| <b>Highways and Public Works</b>                                                          |                   |                            |                      |                  |                           |
| Third-party recoveries (continued)                                                        | \$                | \$                         | \$                   | \$               | \$                        |
| Queen's Printer subscriptions                                                             | 65,000            | -                          | 65,000               | 42,707           | 22,293                    |
| Travel agent processing                                                                   | 8,000             | 9,000                      | 17,000               | 32,536           | (15,536)                  |
| Adult French language                                                                     | -                 | 2,000                      | 2,000                | 2,020            | (20)                      |
| Capital                                                                                   |                   |                            |                      |                  |                           |
| Alaska Highway - Shaktwak                                                                 | 17,000,000        | -                          | 17,000,000           | 17,304,442       | (304,442)                 |
| Sale of government surplus equipment                                                      | 10,000            | 21,000                     | 31,000               | 50,927           | (19,927)                  |
| Project management services                                                               | 410,000           | -                          | 410,000              | 70,756           | 339,244                   |
| Special projects - telecommunications                                                     | -                 | -                          | -                    | 6,000            | (6,000)                   |
| - Infrastructure development                                                              | -                 | -                          | -                    | 5,704            | (5,704)                   |
| IT project management                                                                     | -                 | -                          | -                    | 800              | (800)                     |
| Miscellaneous recoveries                                                                  | -                 | -                          | -                    | -                | -                         |
| Less funding for tangible capital assets transferred to<br>deferred capital contributions | 19,594,000        | (20,000)                   | 19,574,000           | 19,435,276       | 138,724                   |
|                                                                                           | (16,985,000)      | -                          | (16,985,000)         | (17,281,000)     | 296,000                   |
|                                                                                           | <b>2,609,000</b>  | <b>(20,000)</b>            | <b>2,589,000</b>     | <b>2,154,276</b> | <b>434,724</b>            |
| Amortization of deferred capital contributions                                            | 13,670,000        | (1,231,000)                | 12,439,000           | 11,450,408       | 988,592                   |
| Total revenues                                                                            | 19,889,000        | (310,000)                  | 19,579,000           | 16,275,107       | 3,303,893                 |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                     | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|-----------------------------------------------------|-------------------|----------------------------|----------------------|------------------|---------------------------|
| <b>Justice</b>                                      |                   |                            |                      |                  |                           |
| From Canada                                         | \$ 207,000        | \$ -                       | \$ 207,000           | \$ 166,959       | \$ 40,041                 |
| Operations and maintenance                          | 924,000           | 22,000                     | 946,000              | 946,711          | (711)                     |
| Child support guidelines                            | 158,000           | -                          | 158,000              | 158,028          | (28)                      |
| Legal aid                                           | 70,000            | -                          | 70,000               | 70,000           | -                         |
| Aboriginal courtworker program                      | 10,000            | -                          | 10,000               | 41,310           | (31,310)                  |
| Yukon Public Legal Education Association            | 70,000            | -                          | 70,000               | 70,000           | -                         |
| Institutional facilities                            | 50,000            | -                          | 50,000               | 50,000           | -                         |
| Parole supervision                                  | 37,000            | -                          | 37,000               | 34,964           | 2,036                     |
| Victim services and family violence prevention unit | 340,000           | 247,000                    | 587,000              | 197,000          | 390,000                   |
| - Justice Canada: outreach workers                  | -                 | -                          | -                    | 18,735           | (18,735)                  |
| - Justice Canada: victim coordinator                | -                 | -                          | -                    | 10,895           | (10,895)                  |
| Yukon First Nations community constable program     | -                 | -                          | -                    | 10,642           | (10,642)                  |
| Jury debriefing project                             | -                 | -                          | -                    | 23,278           | (23,278)                  |
| Administration of justice agreement                 | -                 | -                          | -                    | 500              | (500)                     |
| Community justice projects                          | -                 | -                          | -                    | -                | -                         |
| Capital                                             | -                 | -                          | -                    | -                | -                         |
| Maintenance enforcement system                      | -                 | -                          | -                    | -                | -                         |
| Prior years' recoveries                             | -                 | -                          | -                    | -                | -                         |
|                                                     | <b>1,866,000</b>  | <b>269,000</b>             | <b>2,135,000</b>     | <b>1,799,022</b> | <b>335,978</b>            |
| <b>Taxes and general revenues</b>                   |                   |                            |                      |                  |                           |
| Fines - Territorial Court                           | 400,000           | -                          | 400,000              | 431,521          | (31,521)                  |
| Sheriff's Office                                    | 20,000            | -                          | 20,000               | 29,083           | (9,083)                   |
| Public Administrator fees                           | 2,000             | -                          | 2,000                | 9,297            | (7,297)                   |
| Land titles fees                                    | 215,000           | -                          | 215,000              | 188,266          | 26,734                    |
|                                                     | <b>637,000</b>    | <b>-</b>                   | <b>637,000</b>       | <b>658,167</b>   | <b>(21,167)</b>           |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                                   | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|-------------------------------------------------------------------|-------------------|----------------------------|----------------------|------------------|---------------------------|
| <b>Justice</b>                                                    |                   |                            |                      |                  |                           |
| Third-party recoveries                                            |                   |                            |                      |                  |                           |
| Operations and maintenance                                        |                   |                            |                      |                  |                           |
| Workers' advocate                                                 | \$ 358,000        | \$ -                       | \$ 358,000           | \$ 358,000       | \$ -                      |
| Witness program - videoconferencing                               | 4,000             | -                          | 4,000                | 2,195            | 1,805                     |
| Public Utilities Board hearings                                   | 100,000           | -                          | 100,000              | 88,465           | 11,535                    |
| Victim services and family violence prevention unit               |                   |                            |                      |                  |                           |
| - University of Calgary: research worker                          | 11,000            | 3,000                      | 14,000               | 14,400           | (400)                     |
| - Province of British Columbia                                    | -                 | 7,000                      | 7,000                | 7,000            | -                         |
| Capital                                                           |                   |                            |                      |                  |                           |
| Workers' advocate                                                 | -                 | -                          | -                    | (40,026)         | 40,026                    |
|                                                                   | <b>473,000</b>    | <b>10,000</b>              | <b>483,000</b>       | <b>430,034</b>   | <b>52,966</b>             |
| <b>Total Revenues</b>                                             | <b>2,976,000</b>  | <b>279,000</b>             | <b>3,255,000</b>     | <b>2,887,223</b> | <b>367,777</b>            |
| <b>Public Service Commission</b>                                  |                   |                            |                      |                  |                           |
| Third-party recoveries                                            |                   |                            |                      |                  |                           |
| Operations and maintenance                                        |                   |                            |                      |                  |                           |
| Staff development operations                                      | 45,000            | -                          | 45,000               | 17,097           | 27,903                    |
| National human resource information systems<br>council conference | -                 | 4,000                      | 4,000                | 3,700            | 300                       |
| <b>Total revenues</b>                                             | <b>45,000</b>     | <b>4,000</b>               | <b>49,000</b>        | <b>20,797</b>    | <b>28,203</b>             |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                             | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual         | Under (Over)<br>Estimates |
|---------------------------------------------|-------------------|----------------------------|----------------------|----------------|---------------------------|
| <b>Tourism and Culture</b>                  |                   |                            |                      |                |                           |
| From Canada                                 |                   |                            |                      |                |                           |
| Operations and maintenance                  |                   |                            |                      |                |                           |
| Canadian heritage properties incentive fund | \$ -              | \$ 27,000                  | \$ 27,000            | \$ 27,700      | \$ (700)                  |
| Capital                                     |                   |                            |                      |                |                           |
| Historic places initiative                  | 338,000           | 52,000                     | 390,000              | 334,350        | 55,650                    |
| Archives preservation projects              | -                 | 26,000                     | 26,000               | 26,000         | -                         |
| Prior year recovery adjustment              | -                 | -                          | -                    | (3,528)        | 3,528                     |
|                                             | <b>338,000</b>    | <b>105,000</b>             | <b>443,000</b>       | <b>384,522</b> | <b>58,478</b>             |
| Taxes and general revenues                  |                   |                            |                      |                |                           |
| Yukon Beringia Interpretive Centre          | 70,000            | -                          | 70,000               | 69,020         | 980                       |
| Archives - photocopy fees                   | 6,000             | -                          | 6,000                | 2,656          | 3,344                     |
| Archives - sale of photographs              | 6,000             | -                          | 6,000                | 4,936          | 1,064                     |
| Vacation guide advertising revenue          | 140,000           | -                          | 140,000              | 115,563        | 24,437                    |
|                                             | <b>222,000</b>    | <b>-</b>                   | <b>222,000</b>       | <b>192,175</b> | <b>29,825</b>             |
| Third-party recoveries                      |                   |                            |                      |                |                           |
| Operations and maintenance                  |                   |                            |                      |                |                           |
| Yukon Lottery Commission                    | 240,000           | -                          | 240,000              | 215,000        | 25,000                    |
| City of Whitehorse - information kiosk      | 15,000            | -                          | 15,000               | 15,000         | -                         |
| Joint Yukon/Alaska marketing program        | 165,000           | -                          | 165,000              | 125,890        | 39,110                    |
|                                             | <b>420,000</b>    | <b>-</b>                   | <b>420,000</b>       | <b>355,890</b> | <b>64,110</b>             |
| <b>Total revenues</b>                       | <b>980,000</b>    | <b>105,000</b>             | <b>1,085,000</b>     | <b>932,587</b> | <b>152,413</b>            |

## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                            | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Estimates | Actual       | Under (Over)<br>Estimates |
|--------------------------------------------|-------------------|----------------------------|----------------------|--------------|---------------------------|
| <b>Yukon Liquor Corporation</b>            |                   |                            |                      |              |                           |
| Taxes and general revenues                 |                   |                            |                      |              |                           |
| Corporate net income                       | \$ 4,749,000      | \$ (40,000)                | \$ 4,709,000         | \$ 5,595,015 | \$ (886,015)              |
| Liquor tax                                 | 2,280,000         | -                          | 2,280,000            | 2,665,971    | (385,971)                 |
| Total revenues                             | 7,029,000         | (40,000)                   | 6,989,000            | 8,260,986    | (1,271,986)               |
| <b>Interest</b>                            |                   |                            |                      |              |                           |
| Third-party recoveries                     |                   |                            |                      |              |                           |
| Operations and maintenance                 |                   |                            |                      |              |                           |
| Interest                                   | 576,000           | 42,000                     | 618,000              | 617,605      | 395                       |
| <b>Net profit - restricted funds</b>       |                   |                            |                      |              |                           |
| Taxes and general revenues                 |                   |                            |                      |              |                           |
| Net profit - restricted funds (Schedule 6) | -                 | -                          | -                    | 831,189      | (831,189)                 |



## GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department  
for the year ended March 31, 2005

|                                                                                            | Main<br>Estimates     | Supplementary<br>Estimates | Revised<br>Estimates  | Actual                | Under (Over)<br>Estimates |
|--------------------------------------------------------------------------------------------|-----------------------|----------------------------|-----------------------|-----------------------|---------------------------|
| <b>Totals</b>                                                                              |                       |                            |                       |                       |                           |
| From Canada                                                                                | \$ 520,095,000        | \$ 66,248,000              | \$ 586,343,000        | \$ 560,195,727        | \$ 26,147,273             |
| Taxes and general revenues                                                                 | 78,188,000            | 1,749,000                  | 79,937,000            | 81,913,328            | (1,976,328)               |
| Third-party recoveries                                                                     | 38,266,000            | (1,591,000)                | 36,675,000            | 34,460,506            | 2,214,494                 |
| Less: Funding for tangible capital assets transferred to<br>deferred capital contributions | (25,395,000)          | (533,000)                  | (25,928,000)          | (24,716,053)          | (1,211,947)               |
| Land recoveries transferred to<br>land held for sale                                       | (9,835,000)           | 2,102,000                  | (7,733,000)           | (6,705,905)           | (1,027,095)               |
| Local improvement recoveries transferred to<br>loans receivable                            | (1,200,000)           | (31,000)                   | (1,231,000)           | (292,582)             | (938,418)                 |
| Amortization of deferred capital contributions                                             | 15,170,000            | (1,204,000)                | 13,966,000            | 12,987,505            | 978,495                   |
| <b>Total revenues</b>                                                                      | <b>\$ 615,289,000</b> | <b>\$ 66,740,000</b>       | <b>\$ 682,029,000</b> | <b>\$ 657,842,526</b> | <b>\$ 24,186,474</b>      |

## GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses  
for the year ended March 31, 2005

|                                            | 2005              | 2004<br>(Restated) | Increase<br>(Decrease) |
|--------------------------------------------|-------------------|--------------------|------------------------|
| <b>Yukon Legislative Assembly</b>          |                   |                    |                        |
| Operations and maintenance                 |                   |                    |                        |
| Legislative services                       | \$ 1,913,139      | \$ 1,884,789       | \$ 28,350              |
| Legislative Assembly Office                | 531,485           | 563,600            | (32,115)               |
| Retirement allowances and death benefits   | 765,948           | 971,297            | (205,349)              |
| Hansard                                    | 329,422           | 297,557            | 31,865                 |
| Conflicts Commission                       | 39,974            | 39,524             | 450                    |
|                                            | <u>3,579,968</u>  | <u>3,756,767</u>   | <u>(176,799)</u>       |
| Capital                                    |                   |                    |                        |
| Legislative Assembly Office                | <u>37,284</u>     | <u>39,832</u>      | <u>(2,548)</u>         |
| <b>Elections Office</b>                    |                   |                    |                        |
| Operations and maintenance                 |                   |                    |                        |
| Elections                                  | <u>186,667</u>    | <u>124,164</u>     | <u>62,503</u>          |
| Capital                                    |                   |                    |                        |
| Elections                                  | <u>4,407</u>      | <u>2,946</u>       | <u>1,461</u>           |
| <b>Office of the Ombudsman</b>             |                   |                    |                        |
| Operations and maintenance                 |                   |                    |                        |
| Office of the Ombudsman                    | <u>398,349</u>    | <u>399,027</u>     | <u>(678)</u>           |
| Capital                                    |                   |                    |                        |
| Office of the Ombudsman                    | <u>4,479</u>      | <u>4,363</u>       | <u>116</u>             |
| <b>Executive Council Office</b>            |                   |                    |                        |
| Operations and maintenance                 |                   |                    |                        |
| Corporate services                         | 2,675,926         | 2,579,588          | 96,338                 |
| Land Claims and Implementation Secretariat | 5,123,934         | 5,544,125          | (420,191)              |
| Devolution                                 | 498,275           | 912,724            | (414,449)              |
| Intergovernmental relations                | 1,000,573         | 796,589            | 203,984                |
| First Nations relations                    | 1,159,264         | 1,202,559          | (43,295)               |
| Government audit services                  | 358,461           | 290,677            | 67,784                 |
| Office of the Commissioner                 | 132,983           | 157,645            | (24,662)               |
| Development assessment process             | 1,130,459         | 1,012,582          | 117,877                |
| Cabinet Offices                            | 1,998,314         | 1,941,332          | 56,982                 |
| Water Board Secretariat                    | 1,067,411         | 875,857            | 191,554                |
| Youth Directorate                          | 496,108           | 358,458            | 137,650                |
|                                            | <u>15,641,708</u> | <u>15,672,136</u>  | <u>(30,428)</u>        |

## GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses  
for the year ended March 31, 2005

|                                                                       | 2005              | 2004<br>(Restated) | Increase<br>(Decrease) |
|-----------------------------------------------------------------------|-------------------|--------------------|------------------------|
| <b>Executive Council Office</b>                                       |                   |                    |                        |
| Capital                                                               |                   |                    |                        |
| Corporate services                                                    | \$ 49,161         | \$ 81,499          | \$ (32,338)            |
| Land Claims and Implementation Secretariat                            | 585,131           | 2,176,810          | (1,591,679)            |
| First Nations relations                                               | 100,000           | 77,950             | 22,050                 |
| Youth Directorate                                                     | 200,000           | 150,000            | 50,000                 |
| Development assessment process                                        | -                 | 67,689             | (67,689)               |
|                                                                       | <u>934,292</u>    | <u>2,553,948</u>   | <u>(1,619,656)</u>     |
| <b>Community Services</b>                                             |                   |                    |                        |
| Operations and maintenance                                            |                   |                    |                        |
| Corporate services                                                    | 1,463,340         | 1,680,208          | (216,868)              |
| Protective services                                                   | 29,509,033        | 11,866,987         | 17,642,046             |
| Community development                                                 | 28,645,066        | 28,384,209         | 260,857                |
| Consumer and safety services                                          | 3,532,144         | 4,011,874          | (479,730)              |
|                                                                       | <u>63,149,583</u> | <u>45,943,278</u>  | <u>17,206,305</u>      |
| Capital                                                               |                   |                    |                        |
| Corporate services                                                    | 815,081           | 285,998            | 529,083                |
| Protective services                                                   | 4,021,468         | 3,413,454          | 608,014                |
| Community development                                                 | 12,460,321        | 19,848,758         | (7,388,437)            |
|                                                                       | <u>17,296,870</u> | <u>23,548,210</u>  | <u>(6,251,340)</u>     |
| Less: Land development costs transferred to<br>land held for sale     | (5,368,478)       | (3,886,141)        | (1,482,337)            |
| Local improvement costs transferred to<br>loans receivable            | (673,673)         | (785,035)          | 111,362                |
| Payment for road construction materials<br>transferred to inventories | (900,000)         | -                  | (900,000)              |
|                                                                       | <u>10,354,719</u> | <u>18,877,034</u>  | <u>(8,522,315)</u>     |

## GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses  
for the year ended March 31, 2005

|                                    | 2005               | 2004<br>(Restated) | Increase<br>(Decrease) |
|------------------------------------|--------------------|--------------------|------------------------|
| <b>Economic Development</b>        |                    |                    |                        |
| Operations and maintenance         |                    |                    |                        |
| Corporate services                 | \$ 1,124,631       | \$ 471,432         | \$ 653,199             |
| Policy, planning and research      | 1,077,686          | 763,523            | 314,163                |
| Regional economic development      | 351,779            | 11,254             | 340,525                |
| Strategic industries development   | 1,335,237          | 476,280            | 858,957                |
| Business and trade                 | 841,288            | 906,369            | (65,081)               |
|                                    | <b>4,730,621</b>   | <b>2,628,858</b>   | <b>2,101,763</b>       |
| Capital                            |                    |                    |                        |
| Corporate services                 | 1,219,519          | 1,307,730          | (88,211)               |
| Policy, planning and research      | 102,000            | -                  | 102,000                |
| Regional economic development      | 3,385,243          | 3,380,517          | 4,726                  |
| Strategic industries development   | 1,661,376          | 669,403            | 991,973                |
| Business and trade                 | 445,627            | 65,000             | 380,627                |
|                                    | <b>6,813,765</b>   | <b>5,422,650</b>   | <b>1,391,115</b>       |
| <b>Education</b>                   |                    |                    |                        |
| Operations and maintenance         |                    |                    |                        |
| Education support services         | 11,615,434         | 11,364,097         | 251,337                |
| Public schools                     | 67,598,329         | 64,000,505         | 3,597,824              |
| Advanced education                 | 21,158,097         | 19,156,470         | 2,001,627              |
|                                    | <b>100,371,860</b> | <b>94,521,072</b>  | <b>5,850,788</b>       |
| Capital                            |                    |                    |                        |
| Education support services         | 95,091             | 110,319            | (15,228)               |
| Public schools                     | 6,891,958          | 7,620,802          | (728,844)              |
| Advanced education                 | 2,791,026          | 2,383,995          | 407,031                |
|                                    | <b>9,778,075</b>   | <b>10,115,116</b>  | <b>(337,041)</b>       |
| <b>Energy, Mines and Resources</b> |                    |                    |                        |
| Operations and maintenance         |                    |                    |                        |
| Corporate services                 | 3,315,535          | 3,618,394          | (302,859)              |
| Sustainable resources              | 7,068,590          | 6,312,463          | 756,127                |
| Energy and corporate policy        | 1,645,999          | 1,735,898          | (89,899)               |
| Oil and gas and mineral resources  | 15,127,724         | 11,517,140         | 3,610,584              |
| Client services and inspections    | 4,204,007          | 3,939,428          | 264,579                |
|                                    | <b>31,361,855</b>  | <b>27,123,323</b>  | <b>4,238,532</b>       |

## GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses  
for the year ended March 31, 2005

|                                                                  | 2005              | 2004<br>(Restated) | Increase<br>(Decrease) |
|------------------------------------------------------------------|-------------------|--------------------|------------------------|
| <b>Energy, Mines and Resources</b>                               |                   |                    |                        |
| Capital                                                          |                   |                    |                        |
| Corporate services                                               | \$ 246,114        | \$ 262,629         | \$ (16,515)            |
| Sustainable resources                                            | 1,148,647         | 1,256,544          | (107,897)              |
| Energy and corporate policy                                      | 133,114           | 75,135             | 57,979                 |
| Oil and gas and mineral resources                                | 3,461,395         | 3,177,801          | 283,594                |
| Write-down of tangible capital assets                            | -                 | 88,635             | (88,635)               |
|                                                                  | 4,989,270         | 4,860,744          | 128,526                |
| Less land development costs transferred to<br>land held for sale | (30,429)          | (9,360)            | (21,069)               |
|                                                                  | <b>4,958,841</b>  | <b>4,851,384</b>   | <b>107,457</b>         |
| <b>Environment</b>                                               |                   |                    |                        |
| Operations and maintenance                                       |                   |                    |                        |
| General management                                               | 267,876           | 265,398            | 2,478                  |
| Corporate services                                               | 4,820,353         | 3,876,492          | 943,861                |
| Management of natural resources                                  | 7,215,439         | 7,356,447          | (141,008)              |
| Monitoring and compliance                                        | 6,375,490         | 6,025,337          | 350,153                |
|                                                                  | <b>18,679,158</b> | <b>17,523,674</b>  | <b>1,155,484</b>       |
| Capital                                                          |                   |                    |                        |
| Corporate services                                               | 2,336,807         | 1,210,680          | 1,126,127              |
| Management of natural resources                                  | 1,329,441         | 666,407            | 663,034                |
| Monitoring and compliance                                        | 19,540            | -                  | 19,540                 |
|                                                                  | <b>3,685,788</b>  | <b>1,877,087</b>   | <b>1,808,701</b>       |
| <b>Finance</b>                                                   |                   |                    |                        |
| Operations and maintenance                                       |                   |                    |                        |
| Treasury                                                         | 4,289,076         | 4,148,034          | 141,042                |
| Workers' compensation supplementary benefits                     | 386,337           | 452,425            | (66,088)               |
| Bad debts expense                                                | 47,051            | 124,720            | (77,669)               |
|                                                                  | <b>4,722,464</b>  | <b>4,725,179</b>   | <b>(2,715)</b>         |
| Capital                                                          |                   |                    |                        |
| Treasury                                                         | <b>89,947</b>     | <b>523,401</b>     | <b>(433,454)</b>       |

## GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses  
for the year ended March 31, 2005

|                                                                         | 2005               | 2004<br>(Restated) | Increase<br>(Decrease) |
|-------------------------------------------------------------------------|--------------------|--------------------|------------------------|
| <b>Health and Social Services</b>                                       |                    |                    |                        |
| Operations and maintenance                                              |                    |                    |                        |
| Policy, planning and administration                                     | \$ 4,192,843       | \$ 4,027,073       | \$ 165,770             |
| Family and children's services                                          | 31,817,164         | 30,663,516         | 1,153,648              |
| Social services                                                         | 35,627,471         | 32,679,091         | 2,948,380              |
| Health services                                                         | 89,780,449         | 82,604,892         | 7,175,557              |
| Regional services                                                       | 3,784,045          | 4,139,206          | (355,161)              |
|                                                                         | <b>165,201,972</b> | <b>154,113,778</b> | <b>11,088,194</b>      |
| Capital                                                                 |                    |                    |                        |
| Policy, planning and administration                                     | 868,284            | 92,782             | 775,502                |
| Family and children's services                                          | 479,701            | 241,757            | 237,944                |
| Social services                                                         | 797,662            | 636,000            | 161,662                |
| Health services                                                         | 2,278,344          | 1,121,038          | 1,157,306              |
| Regional services                                                       | -                  | 5,828              | (5,828)                |
|                                                                         | <b>4,423,991</b>   | <b>2,097,405</b>   | <b>2,326,586</b>       |
| <b>Highways and Public Works</b>                                        |                    |                    |                        |
| Operations and maintenance                                              |                    |                    |                        |
| Corporate services                                                      | 3,880,447          | 3,632,323          | 248,124                |
| Information and communications technology                               | 6,391,073          | 6,653,211          | (262,138)              |
| Transportation                                                          | 42,210,619         | 40,328,096         | 1,882,523              |
| Supply services                                                         | 2,920,306          | 3,048,643          | (128,337)              |
| Property management                                                     | 16,194,608         | 15,786,435         | 408,173                |
| French language services                                                | 1,636,885          | 1,550,746          | 86,139                 |
| Central Stores write-off                                                | 7,097              | 4,127              | 2,970                  |
|                                                                         | <b>73,241,035</b>  | <b>71,003,581</b>  | <b>2,237,454</b>       |
| Less capital lease payments transferred to capital<br>lease obligations | (913,333)          | (764,604)          | (148,729)              |
|                                                                         | <b>72,327,702</b>  | <b>70,238,977</b>  | <b>2,088,725</b>       |
| Capital                                                                 |                    |                    |                        |
| Corporate services                                                      | 221,578            | 159,634            | 61,944                 |
| Information and communications technology                               | 10,462,589         | 3,993,741          | 6,468,848              |
| Transportation                                                          | 49,585,442         | 33,452,128         | 16,133,314             |
| Supply services                                                         | 91,632             | 50,866             | 40,766                 |
| Property management                                                     | 3,668,998          | 6,977,997          | (3,308,999)            |
| French language services                                                | 95,495             | 160,424            | (64,929)               |
|                                                                         | <b>64,125,734</b>  | <b>44,794,790</b>  | <b>19,330,944</b>      |

## GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses  
for the year ended March 31, 2005

|                                       | 2005              | 2004<br>(Restated) | Increase<br>(Decrease) |
|---------------------------------------|-------------------|--------------------|------------------------|
| <b>Justice</b>                        |                   |                    |                        |
| Operations and maintenance            |                   |                    |                        |
| Management services                   | \$ 2,274,500      | \$ 2,180,149       | \$ 94,351              |
| Court services                        | 4,720,344         | 4,667,768          | 52,576                 |
| Legal services                        | 4,374,256         | 3,966,505          | 407,751                |
| Regulatory services                   | 1,653,093         | 660,376            | 992,717                |
| Community and correctional services   | 9,241,872         | 8,814,036          | 427,836                |
| Community justice and public safety   | 14,571,904        | 14,028,107         | 543,797                |
| Human rights                          | 531,000           | 383,090            | 147,910                |
|                                       | <b>37,366,969</b> | <b>34,700,031</b>  | <b>2,666,938</b>       |
| <b>Capital</b>                        |                   |                    |                        |
| Management services                   | 286,589           | 190,626            | 95,963                 |
| Court services                        | 40,234            | -                  | 40,234                 |
| Community and correctional services   | 1,027,071         | 164,103            | 862,968                |
| Community justice and public safety   | 4,500             | -                  | 4,500                  |
| Write-down of tangible capital assets | -                 | 1,227,928          | (1,227,928)            |
|                                       | <b>1,358,394</b>  | <b>1,582,657</b>   | <b>(224,263)</b>       |
| <b>Public Service Commission</b>      |                   |                    |                        |
| Operations and maintenance            |                   |                    |                        |
| Finance and administration            | 577,256           | 511,082            | 66,174                 |
| Corporate human resource services     | 1,819,480         | 1,355,363          | 464,117                |
| Employee compensation                 | 1,345,813         | 1,406,732          | (60,919)               |
| Staff relations                       | 763,046           | 1,109,589          | (346,543)              |
| Workers' compensation fund            | 3,177,179         | 3,017,782          | 159,397                |
| Human resource management systems     | 379,038           | 374,788            | 4,250                  |
| Policy and planning                   | 650,222           | 508,955            | 141,267                |
| Employee future benefits              | 12,054,751        | 6,650,117          | 5,404,634              |
| Staff development                     | 2,476,601         | 2,422,571          | 54,030                 |
|                                       | <b>23,243,386</b> | <b>17,356,979</b>  | <b>5,886,407</b>       |
| <b>Capital</b>                        |                   |                    |                        |
| Finance and administration            | 85,952            | 38,062             | 47,890                 |
| Staff development                     | -                 | 18,013             | (18,013)               |
|                                       | <b>85,952</b>     | <b>56,075</b>      | <b>29,877</b>          |

## GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses  
for the year ended March 31, 2005

|                                                     | 2005              | 2004<br>(Restated) | Increase<br>(Decrease) |
|-----------------------------------------------------|-------------------|--------------------|------------------------|
| <b>Tourism and Culture</b>                          |                   |                    |                        |
| Operations and maintenance                          |                   |                    |                        |
| Corporate services                                  | \$ 2,115,637      | \$ 2,092,926       | \$ 22,711              |
| Cultural services                                   | 4,195,991         | 3,986,985          | 209,006                |
| Marketing                                           | 7,249,818         | 7,032,080          | 217,738                |
|                                                     | <u>13,561,446</u> | <u>13,111,991</u>  | <u>449,455</u>         |
| Capital                                             |                   |                    |                        |
| Corporate services                                  | 84,774            | 92,834             | (8,060)                |
| Cultural services                                   | 3,783,836         | 3,247,747          | 536,089                |
| Marketing                                           | 1,490,842         | 281,142            | 1,209,700              |
|                                                     | <u>5,359,452</u>  | <u>3,621,723</u>   | <u>1,737,729</u>       |
| <b>Women's Directorate</b>                          |                   |                    |                        |
| Operations and maintenance                          |                   |                    |                        |
| Policy and program development                      | <u>784,014</u>    | <u>530,290</u>     | <u>253,724</u>         |
| Capital                                             |                   |                    |                        |
| Policy and program development                      | <u>7,564</u>      | <u>10,319</u>      | <u>(2,755)</u>         |
| <b>Yukon Housing Corporation (Transfer Payment)</b> |                   |                    |                        |
| Operations and maintenance                          | <u>1,090,927</u>  | <u>634,266</u>     | <u>456,661</u>         |
| Capital                                             | <u>1,924,677</u>  | <u>1,466,862</u>   | <u>457,815</u>         |
| <b>Interest on Loans</b>                            |                   |                    |                        |
| Operations and maintenance                          |                   |                    |                        |
| Interest                                            | <u>359,671</u>    | <u>363,750</u>     | <u>(4,079)</u>         |



## GOVERNMENT OF YUKON

## Schedule 3

Comparative Schedule of Expenses  
for the year ended March 31, 2005

|                                                                                   | 2005                  | 2004<br>(Restated)    | Increase<br>(Decrease) |
|-----------------------------------------------------------------------------------|-----------------------|-----------------------|------------------------|
| <b>Totals</b>                                                                     |                       |                       |                        |
| Operations and maintenance                                                        | \$ 557,671,653        | \$ 504,232,144        | \$ 53,439,509          |
| Capital                                                                           | 120,919,941           | 102,578,128           | 18,341,813             |
|                                                                                   | 678,591,594           | 606,810,272           | 71,781,322             |
| Less: Acquisition of tangible capital assets                                      | (44,913,447)          | (40,730,924)          | (4,182,523)            |
| Land development costs transferred to<br>land held for sale                       | (5,398,907)           | (3,895,501)           | (1,503,406)            |
| Local improvement costs transferred to<br>loans receivable                        | (673,673)             | (785,035)             | 111,362                |
| Capital lease payments transferred to<br>capital lease obligations                | (913,333)             | (764,604)             | (148,729)              |
| Payment for road construction materials<br>transferred to inventories of supplies | (900,000)             | -                     | (900,000)              |
|                                                                                   | 625,792,234           | 560,634,208           | 65,158,026             |
| Amortization expenses                                                             | 27,411,662            | 25,137,160            | 2,274,502              |
|                                                                                   | <b>\$ 653,203,896</b> | <b>\$ 585,771,368</b> | <b>\$ 67,432,528</b>   |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                             | Main<br>Estimates | Appropriation              |           |                      | Actual           | Under (Over)<br>Estimates |
|---------------------------------------------|-------------------|----------------------------|-----------|----------------------|------------------|---------------------------|
|                                             |                   | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |                  |                           |
| <b>Yukon Legislative Assembly</b>           |                   |                            |           |                      |                  |                           |
| Operations and maintenance                  |                   |                            |           |                      |                  |                           |
| Legislative services                        | \$ 2,144,000      | \$ -                       | \$ -      | \$ 2,144,000         | \$ 1,913,139     | \$ 230,861                |
| Legislative Assembly Office                 | 627,000           | -                          | (30,000)  | 597,000              | 531,485          | 65,515                    |
| Retirement allowances and death benefits    | 727,000           | -                          | 25,000    | 752,000              | 765,948          | (13,948)                  |
| Hansard                                     | 389,000           | -                          | -         | 389,000              | 329,422          | 59,578                    |
| Conflicts Commission                        | 40,000            | -                          | 5,000     | 45,000               | 39,974           | 5,026                     |
|                                             | <b>3,927,000</b>  | <b>-</b>                   | <b>-</b>  | <b>3,927,000</b>     | <b>3,579,968</b> | <b>347,032</b>            |
| <b>Capital</b>                              |                   |                            |           |                      |                  |                           |
| Legislative Assembly Office                 | 40,000            | -                          | -         | 40,000               | 37,284           | 2,716                     |
| Less acquisition of tangible capital assets | (15,000)          | 1,000                      | -         | (14,000)             | (13,689)         | (311)                     |
|                                             | 25,000            | 1,000                      | -         | 26,000               | 23,595           | 2,405                     |
| Amortization expenses                       | 7,000             | -                          | -         | 7,000                | 6,930            | 70                        |
|                                             | <b>3,959,000</b>  | <b>1,000</b>               | <b>-</b>  | <b>3,960,000</b>     | <b>3,610,493</b> | <b>349,507</b>            |
| <b>Total expenses</b>                       |                   |                            |           |                      |                  |                           |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                                       | Appropriation     |                            |           |                      | Under (Over)<br>Estimates |
|-------------------------------------------------------|-------------------|----------------------------|-----------|----------------------|---------------------------|
|                                                       | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |                           |
| <b>Elections Office</b>                               |                   |                            |           |                      |                           |
| Operations and maintenance<br>Elections               | \$ 214,000        | \$ -                       | \$ -      | \$ 214,000           | \$ 27,333                 |
| Capital<br>Elections                                  | 5,000             | -                          | -         | 5,000                | 593                       |
| Total expenses                                        | 219,000           | -                          | -         | 219,000              | 27,926                    |
| <b>Office of the Ombudsman</b>                        |                   |                            |           |                      |                           |
| Operations and maintenance<br>Office of the Ombudsman | 409,000           | -                          | -         | 409,000              | 10,651                    |
| Capital<br>Office of the Ombudsman                    | 5,000             | -                          | -         | 5,000                | 521                       |
| Total expenses                                        | 414,000           | -                          | -         | 414,000              | 11,172                    |

## GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                                    | Main<br>Estimates | Appropriation              |           |                      | Actual            | Under (Over)<br>Estimates |
|----------------------------------------------------|-------------------|----------------------------|-----------|----------------------|-------------------|---------------------------|
|                                                    |                   | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |                   |                           |
| <b>Executive Council Office</b>                    |                   |                            |           |                      |                   |                           |
| Operations and maintenance                         |                   |                            |           |                      |                   |                           |
| Corporate services                                 | \$ 2,786,000      | \$ 150,000                 | \$ -      | \$ 2,936,000         | \$ 2,675,926      | \$ 260,074                |
| Land Claims and Implementation Secretariat         | 7,978,000         | (390,000)                  | -         | 7,588,000            | 5,123,934         | 2,464,066                 |
| Devolution                                         | 648,000           | -                          | -         | 648,000              | 498,275           | 149,725                   |
| Intergovernmental relations                        | 962,000           | -                          | -         | 962,000              | 1,000,573         | (38,573)                  |
| First Nations relations                            | 1,241,000         | -                          | -         | 1,241,000            | 1,159,264         | 81,736                    |
| Government audit services                          | 369,000           | -                          | -         | 369,000              | 358,461           | 10,539                    |
| Office of the Commissioner                         | 135,000           | -                          | -         | 135,000              | 132,983           | 2,017                     |
| Development assessment process                     | 1,492,000         | -                          | -         | 1,492,000            | 1,130,459         | 361,541                   |
| Cabinet Offices                                    | 1,996,000         | -                          | -         | 1,996,000            | 1,998,314         | (2,314)                   |
| Water Board Secretariat                            | 885,000           | 90,000                     | -         | 975,000              | 1,067,411         | (92,411)                  |
| Youth Directorate                                  | 508,000           | -                          | -         | 508,000              | 496,108           | 11,892                    |
|                                                    | <b>19,000,000</b> | <b>(150,000)</b>           | <b>-</b>  | <b>18,850,000</b>    | <b>15,641,708</b> | <b>3,208,292</b>          |
| <b>Capital</b>                                     |                   |                            |           |                      |                   |                           |
| Corporate services                                 | 52,000            | -                          | -         | 52,000               | 49,161            | 2,839                     |
| Land Claims and Implementation Secretariat         | 2,341,000         | 382,000                    | -         | 2,723,000            | 585,131           | 2,137,869                 |
| First Nations relations                            | 300,000           | -                          | -         | 300,000              | 100,000           | 200,000                   |
| Youth Directorate                                  | 200,000           | -                          | -         | 200,000              | 200,000           | -                         |
|                                                    | <b>2,893,000</b>  | <b>382,000</b>             | <b>-</b>  | <b>3,275,000</b>     | <b>934,292</b>    | <b>2,340,708</b>          |
|                                                    | -                 | (25,000)                   | -         | (25,000)             | (106,316)         | 81,316                    |
| <b>Less acquisition of tangible capital assets</b> | <b>2,893,000</b>  | <b>357,000</b>             | <b>-</b>  | <b>3,250,000</b>     | <b>827,976</b>    | <b>2,422,024</b>          |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                 | Main<br>Estimates | Appropriation              |           |                      | Actual     | Under (Over)<br>Estimates |
|---------------------------------|-------------------|----------------------------|-----------|----------------------|------------|---------------------------|
|                                 |                   | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |            |                           |
| <b>Executive Council Office</b> |                   |                            |           |                      |            |                           |
| Amortization expenses           | \$ 6,000          | \$ 3,000                   | \$ -      | \$ 9,000             | \$ 5,775   | \$ 3,225                  |
| Total expenses                  | 21,899,000        | 210,000                    | -         | 22,109,000           | 16,475,459 | 5,633,541                 |
| <b>Community Services</b>       |                   |                            |           |                      |            |                           |
| Operations and maintenance      |                   |                            |           |                      |            |                           |
| Corporate services              | 1,869,000         | (87,000)                   | -         | 1,802,000            | 1,463,340  | 338,660                   |
| Protective services             | 13,329,000        | 15,960,000                 | -         | 29,289,000           | 29,509,033 | (220,033)                 |
| Community development           | 24,370,000        | 3,799,000                  | -         | 28,469,000           | 28,645,066 | (176,066)                 |
| Service Yukon                   | 2,968,000         | (2,988,000)                | -         | -                    | -          | -                         |
| Consumer and safety services    | 2,657,000         | 1,044,000                  | -         | 3,701,000            | 3,532,144  | 168,856                   |
|                                 | 45,533,000        | 17,728,000                 | -         | 63,261,000           | 63,149,583 | 111,417                   |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                                                                   | Main<br>Estimates | Appropriation              |           |                      | Actual            | Under (Over)<br>Estimates |
|-----------------------------------------------------------------------------------|-------------------|----------------------------|-----------|----------------------|-------------------|---------------------------|
|                                                                                   |                   | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |                   |                           |
| <b>Community Services</b>                                                         |                   |                            |           |                      |                   |                           |
| Capital                                                                           |                   |                            |           |                      |                   |                           |
| Corporate services                                                                | \$ 978,000        | \$ 422,000                 | \$ -      | \$ 1,400,000         | \$ 815,081        | \$ 584,919                |
| Protective services                                                               | 3,921,000         | 480,000                    | -         | 4,401,000            | 4,021,468         | 379,532                   |
| Community development                                                             | 27,081,000        | (9,495,000)                | -         | 17,586,000           | 12,460,321        | 5,125,679                 |
|                                                                                   | <b>31,980,000</b> | <b>(8,593,000)</b>         | -         | <b>23,387,000</b>    | <b>17,296,870</b> | <b>6,090,130</b>          |
| Less: Acquisition of tangible capital assets                                      | (3,570,000)       | (766,000)                  | -         | (4,336,000)          | (2,663,533)       | (1,672,467)               |
| Land development costs transferred to<br>land held for sale                       | (9,735,000)       | 2,102,000                  | -         | (7,633,000)          | (5,368,478)       | (2,264,522)               |
| Local improvement costs transferred to<br>loans receivable                        | (1,200,000)       | (31,000)                   | -         | (1,231,000)          | (673,673)         | (557,327)                 |
| Payment for road construction materials<br>transferred to inventories of supplies | -                 | -                          | -         | -                    | (900,000)         | 900,000                   |
|                                                                                   | <b>17,475,000</b> | <b>(7,288,000)</b>         | -         | <b>10,187,000</b>    | <b>7,691,186</b>  | <b>2,495,814</b>          |
| Amortization expenses                                                             | 632,000           | 10,000                     | -         | 642,000              | 614,631           | 27,369                    |
| Total expenses                                                                    | <b>63,640,000</b> | <b>10,450,000</b>          | -         | <b>74,090,000</b>    | <b>71,455,400</b> | <b>2,634,600</b>          |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                            | Appropriation     |                            |           |                      | Under (Over)<br>Estimates |
|--------------------------------------------|-------------------|----------------------------|-----------|----------------------|---------------------------|
|                                            | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |                           |
| <b>Economic Development</b>                |                   |                            |           |                      |                           |
| Operations and maintenance                 |                   |                            |           |                      |                           |
| Corporate services                         | \$ 1,227,000      | \$ -                       | \$ -      | \$ 1,227,000         | \$ 102,369                |
| Policy, planning and research              | 1,359,000         | (50,000)                   | -         | 1,309,000            | 231,314                   |
| Investment, trade and business development | 1,592,000         | (1,592,000)                | -         | -                    | -                         |
| Regional economic development              | 870,000           | (250,000)                  | -         | 620,000              | 268,221                   |
| Strategic industries development           | 1,238,000         | 231,000                    | -         | 1,469,000            | 133,763                   |
| Business and trade                         | -                 | 1,226,000                  | -         | 1,226,000            | 384,712                   |
|                                            | <b>6,286,000</b>  | <b>(435,000)</b>           | <b>-</b>  | <b>5,851,000</b>     | <b>1,120,379</b>          |
| Capital                                    |                   |                            |           |                      |                           |
| Corporate services                         | 1,048,000         | 182,000                    | -         | 1,230,000            | 10,481                    |
| Policy, planning and research              | 100,000           | -                          | -         | 100,000              | (2,000)                   |
| Investment, trade and business development | 2,189,000         | (2,189,000)                | -         | -                    | -                         |
| Regional economic development              | 4,000,000         | 659,000                    | -         | 4,659,000            | 1,273,757                 |
| Strategic industries development           | 1,500,000         | 1,318,000                  | -         | 2,818,000            | 1,156,624                 |
| Business and trade                         | -                 | 1,224,000                  | -         | 1,224,000            | 778,373                   |
|                                            | <b>8,837,000</b>  | <b>1,194,000</b>           | <b>-</b>  | <b>10,031,000</b>    | <b>3,217,235</b>          |
| Amortization expenses                      | 2,000             | -                          | -         | 2,000                | -                         |
| Total expenses                             | 15,125,000        | 759,000                    | -         | 15,884,000           | 4,337,614                 |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                             | Main<br>Estimates | Appropriation              |              |                      | Actual             | Under (Over)<br>Estimates |
|---------------------------------------------|-------------------|----------------------------|--------------|----------------------|--------------------|---------------------------|
|                                             |                   | Supplementary<br>Estimates | Transfers    | Revised<br>Estimates |                    |                           |
| <b>Education</b>                            |                   |                            |              |                      |                    |                           |
| Operations and maintenance                  | \$ 11,985,000     | \$ 464,000                 | \$ (125,000) | \$ 12,324,000        | \$ 11,615,434      | \$ 708,566                |
| Education support services                  | 67,341,000        | 555,000                    | -            | 67,896,000           | 67,598,329         | 297,671                   |
| Public schools                              | 20,661,000        | 267,000                    | 125,000      | 21,053,000           | 21,158,097         | (105,097)                 |
| Advanced education                          |                   |                            |              |                      |                    |                           |
|                                             | <b>99,987,000</b> | <b>1,286,000</b>           | <b>-</b>     | <b>101,273,000</b>   | <b>100,371,860</b> | <b>901,140</b>            |
| <b>Capital</b>                              |                   |                            |              |                      |                    |                           |
| Education support services                  | 110,000           | 11,000                     | -            | 121,000              | 95,091             | 25,909                    |
| Public schools                              | 8,724,000         | (53,000)                   | -            | 8,671,000            | 6,891,958          | 1,779,042                 |
| Advanced education                          | 2,535,000         | 536,000                    | -            | 3,071,000            | 2,791,026          | 279,974                   |
|                                             | <b>11,369,000</b> | <b>494,000</b>             | <b>-</b>     | <b>11,863,000</b>    | <b>9,778,075</b>   | <b>2,084,925</b>          |
| Less acquisition of tangible capital assets | (1,730,000)       | 235,000                    | -            | (1,495,000)          | (789,861)          | (705,139)                 |
| Amortization expenses                       | 9,639,000         | 729,000                    | -            | 10,368,000           | 8,988,214          | 1,379,786                 |
|                                             | <b>4,919,000</b>  | <b>195,000</b>             | <b>-</b>     | <b>5,114,000</b>     | <b>5,110,301</b>   | <b>3,699</b>              |
| Total expenses                              | 114,545,000       | 2,210,000                  | -            | 116,755,000          | 114,470,375        | 2,284,625                 |



## GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                                             | Appropriation     |                            |           |                      | Under (Over)<br>Estimates |
|-------------------------------------------------------------|-------------------|----------------------------|-----------|----------------------|---------------------------|
|                                                             | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |                           |
| <b>Energy, Mines and Resources</b>                          |                   |                            |           |                      |                           |
| Operations and maintenance                                  |                   |                            |           |                      |                           |
| Corporate services                                          | \$ 3,339,000      | \$ (52,000)                | \$ 26,000 | \$ 3,313,000         | \$ (2,535)                |
| Sustainable resources                                       | 6,765,000         | 373,000                    | 91,000    | 7,229,000            | 160,410                   |
| Energy and corporate policy                                 | 1,668,000         | 110,000                    | 9,000     | 1,787,000            | 141,001                   |
| Oil and gas and mineral resources                           | 15,755,000        | 2,439,000                  | (112,000) | 18,082,000           | 2,954,276                 |
| Client services and inspections                             | 4,425,000         | (250,000)                  | (14,000)  | 4,161,000            | (43,007)                  |
|                                                             | <b>31,952,000</b> | <b>2,620,000</b>           | <b>-</b>  | <b>34,572,000</b>    | <b>3,210,145</b>          |
| <b>Capital</b>                                              |                   |                            |           |                      |                           |
| Corporate services                                          | 220,000           | -                          | 25,000    | 245,000              | (1,114)                   |
| Sustainable resources                                       | 1,476,000         | (17,000)                   | (34,000)  | 1,425,000            | 276,353                   |
| Energy and corporate policy                                 | 100,000           | -                          | 25,000    | 125,000              | (8,114)                   |
| Oil and gas and mineral resources                           | 3,307,000         | 225,000                    | (16,000)  | 3,516,000            | 54,605                    |
|                                                             | <b>5,103,000</b>  | <b>208,000</b>             | <b>-</b>  | <b>5,311,000</b>     | <b>321,730</b>            |
| Less: Acquisition of tangible capital assets                | (40,000)          | 1,000                      | -         | (39,000)             | 127,672                   |
| Land development costs transferred to<br>land held for sale | (100,000)         | -                          | -         | (100,000)            | (69,571)                  |
|                                                             | <b>4,963,000</b>  | <b>209,000</b>             | <b>-</b>  | <b>5,172,000</b>     | <b>379,831</b>            |
| Amortization expenses                                       | 86,000            | (11,000)                   | -         | 75,000               | (3,038)                   |
| <b>Total expenses</b>                                       | <b>37,001,000</b> | <b>2,818,000</b>           | <b>-</b>  | <b>39,819,000</b>    | <b>3,586,938</b>          |

## GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                             | Appropriation     |                            |           |                      | Under (Over)<br>Estimates |
|---------------------------------------------|-------------------|----------------------------|-----------|----------------------|---------------------------|
|                                             | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |                           |
| <b>Environment</b>                          |                   |                            |           |                      |                           |
| Operations and maintenance                  |                   |                            |           |                      |                           |
| General management                          | \$ 270,000        | \$ -                       | \$ -      | \$ 270,000           | \$ 267,876                |
| Corporate services                          | 4,854,000         | 154,000                    | (30,000)  | 4,978,000            | 4,820,353                 |
| Management of natural resources             | 7,088,000         | 110,000                    | 24,000    | 7,222,000            | 7,215,439                 |
| Monitoring and compliance                   | 6,508,000         | 141,000                    | 6,000     | 6,655,000            | 6,375,490                 |
|                                             | <b>18,720,000</b> | <b>405,000</b>             | <b>-</b>  | <b>19,125,000</b>    | <b>18,679,158</b>         |
| <b>Capital</b>                              |                   |                            |           |                      |                           |
| Corporate services                          | 996,000           | 1,447,000                  | 25,000    | 2,468,000            | 2,336,807                 |
| Management of natural resources             | 1,391,000         | 91,000                     | (25,000)  | 1,457,000            | 1,329,441                 |
| Monitoring and compliance                   | 20,000            | 5,000                      | -         | 25,000               | 19,540                    |
|                                             | <b>2,407,000</b>  | <b>1,543,000</b>           | <b>-</b>  | <b>3,950,000</b>     | <b>3,685,788</b>          |
| Less acquisition of tangible capital assets | (374,000)         | (1,548,000)                | -         | (1,922,000)          | (1,660,498)               |
|                                             | 2,033,000         | (5,000)                    | -         | 2,028,000            | 2,025,290                 |
| Amortization expenses                       | 140,000           | (3,000)                    | -         | 137,000              | 107,899                   |
|                                             | 20,893,000        | 397,000                    | -         | 21,290,000           | 20,812,347                |
| Total expenses                              |                   |                            |           |                      | 477,653                   |

## GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                              | Appropriation     |                            |           |                      | Under (Over)<br>Estimates |
|----------------------------------------------|-------------------|----------------------------|-----------|----------------------|---------------------------|
|                                              | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |                           |
| <b>Finance</b>                               |                   |                            |           |                      |                           |
| Operations and maintenance                   |                   |                            |           |                      |                           |
| Treasury                                     | \$ 4,328,000      | \$ -                       | \$ -      | \$ 4,328,000         | \$ 38,924                 |
| Workers' compensation supplementary benefits | 382,000           | -                          | -         | 382,000              | (4,337)                   |
| Bad debts expense                            | 74,000            | (26,000)                   | -         | 48,000               | 949                       |
|                                              | <b>4,784,000</b>  | <b>(26,000)</b>            | -         | <b>4,758,000</b>     | <b>35,536</b>             |
| Capital                                      |                   |                            |           |                      |                           |
| Treasury                                     | <b>264,000</b>    | -                          | -         | <b>264,000</b>       | <b>174,053</b>            |
| Amortization expenses                        | 2,000             | -                          | -         | 2,000                | 281                       |
| Total expenses                               | 5,050,000         | (26,000)                   | -         | 5,024,000            | 209,870                   |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                             | Appropriation      |                            |           |                      | Under (Over)       |
|---------------------------------------------|--------------------|----------------------------|-----------|----------------------|--------------------|
|                                             | Main<br>Estimates  | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual             |
|                                             |                    |                            |           |                      | Estimates          |
| <b>Health and Social Services</b>           |                    |                            |           |                      |                    |
| Operations and maintenance                  | \$ 4,220,000       | \$ 92,000                  | \$ -      | \$ 4,312,000         | \$ 4,192,843       |
| Policy, planning and administration         | 30,275,000         | 1,868,000                  | -         | 32,143,000           | 31,817,164         |
| Family and children's services              | 36,776,000         | 1,942,000                  | -         | 38,718,000           | 35,627,471         |
| Social services                             | 85,936,000         | 4,522,000                  | -         | 90,458,000           | 89,780,449         |
| Health services                             | 3,983,000          | -                          | -         | 3,983,000            | 3,784,045          |
| Regional services                           |                    |                            |           |                      |                    |
|                                             | <b>161,190,000</b> | <b>8,424,000</b>           | <b>-</b>  | <b>169,614,000</b>   | <b>165,201,972</b> |
|                                             |                    |                            |           |                      | <b>4,412,028</b>   |
| <b>Capital</b>                              |                    |                            |           |                      |                    |
| Policy, planning and administration         | 869,000            | 416,000                    | -         | 1,285,000            | 868,284            |
| Family and children's services              | 1,027,000          | (339,000)                  | -         | 688,000              | 479,701            |
| Social services                             | 4,530,000          | 436,000                    | -         | 4,966,000            | 797,662            |
| Health services                             | 2,104,000          | 350,000                    | -         | 2,454,000            | 2,278,344          |
|                                             | <b>8,530,000</b>   | <b>863,000</b>             | <b>-</b>  | <b>9,393,000</b>     | <b>4,423,991</b>   |
|                                             | (2,418,000)        | 128,000                    | -         | (2,290,000)          | (793,263)          |
| Less acquisition of tangible capital assets |                    |                            |           |                      | (1,496,737)        |
|                                             | 6,112,000          | 991,000                    | -         | 7,103,000            | 3,630,728          |
|                                             | 2,169,000          | (32,000)                   | -         | 2,137,000            | 2,620,106          |
| Amortization expenses                       |                    |                            |           |                      | (483,106)          |
|                                             | 169,471,000        | 9,383,000                  | -         | 178,854,000          | 171,452,806        |
| Total expenses                              |                    |                            |           |                      | 7,401,194          |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                                                         | Appropriation     |                            |           |                      | Under (Over)<br>Estimates |
|-------------------------------------------------------------------------|-------------------|----------------------------|-----------|----------------------|---------------------------|
|                                                                         | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |                           |
| <b>Highways and Public Works</b>                                        |                   |                            |           |                      |                           |
| Operations and maintenance                                              |                   |                            |           |                      |                           |
| Corporate services                                                      | \$ 4,072,000      | \$ (25,000)                | \$ -      | \$ 4,047,000         | \$ 3,880,447              |
| Information and communications technology                               | 7,175,000         | 15,000                     | (177,000) | 7,013,000            | 6,391,073                 |
| Transportation                                                          | 41,231,000        | 1,403,000                  | 177,000   | 42,811,000           | 42,210,619                |
| Supply services                                                         | 2,988,000         | -                          | -         | 2,988,000            | 2,920,306                 |
| Property management                                                     | 15,509,000        | 254,000                    | -         | 15,763,000           | 16,194,608                |
| French language services                                                | 1,507,000         | 131,000                    | -         | 1,638,000            | 1,636,885                 |
| Central Stores write-off                                                |                   |                            |           |                      | 7,097                     |
|                                                                         | <b>72,482,000</b> | <b>1,778,000</b>           | <b>-</b>  | <b>74,260,000</b>    | <b>73,241,035</b>         |
| Less capital lease payments transferred to<br>capital lease obligations | -                 | -                          | -         | -                    | (913,333)                 |
|                                                                         | <b>72,482,000</b> | <b>1,778,000</b>           | <b>-</b>  | <b>74,260,000</b>    | <b>72,327,702</b>         |
|                                                                         |                   |                            |           |                      | <b>1,932,298</b>          |
| <b>Capital</b>                                                          |                   |                            |           |                      |                           |
| Corporate services                                                      | 194,000           | 8,000                      | 53,000    | 255,000              | 221,578                   |
| Information and communications technology                               | 14,450,000        | 279,000                    | (315,000) | 14,414,000           | 10,462,589                |
| Transportation                                                          | 52,097,000        | 4,137,000                  | 15,000    | 56,249,000           | 49,585,442                |
| Supply services                                                         | 45,000            | 50,000                     | 8,000     | 103,000              | 91,632                    |
| Property management                                                     | 4,617,000         | 1,401,000                  | 238,000   | 6,256,000            | 3,668,998                 |
| French language services                                                | 6,000             | 90,000                     | 1,000     | 97,000               | 95,495                    |
|                                                                         | <b>71,409,000</b> | <b>5,965,000</b>           | <b>-</b>  | <b>77,374,000</b>    | <b>64,125,734</b>         |
| Less acquisition of tangible capital assets                             | (50,376,000)      | (4,373,000)                | -         | (54,749,000)         | (38,040,206)              |
|                                                                         | <b>21,033,000</b> | <b>1,592,000</b>           | <b>-</b>  | <b>22,625,000</b>    | <b>26,085,528</b>         |
|                                                                         |                   |                            |           |                      | <b>(3,460,528)</b>        |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                     | Appropriation     |                            |           |                      |                   | Under (Over)<br>Estimates |
|-------------------------------------|-------------------|----------------------------|-----------|----------------------|-------------------|---------------------------|
|                                     | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual            |                           |
| <b>Highways and Public Works</b>    |                   |                            |           |                      |                   |                           |
| Amortization expenses               | \$ 22,888,000     | \$ (2,936,000)             | \$ -      | \$ 19,952,000        | \$ 17,685,190     | \$ 2,266,810              |
| Total expenses                      | 116,403,000       | 434,000                    | -         | 116,837,000          | 116,098,420       | (174,753)                 |
| <b>Justice</b>                      |                   |                            |           |                      |                   |                           |
| Operations and maintenance          |                   |                            |           |                      |                   |                           |
| Management services                 | 2,355,000         | -                          | -         | 2,355,000            | 2,274,500         | 80,500                    |
| Court services                      | 4,679,000         | -                          | -         | 4,679,000            | 4,720,344         | (41,344)                  |
| Legal services                      | 4,675,000         | 22,000                     | -         | 4,697,000            | 4,374,256         | 322,744                   |
| Regulatory services                 | 760,000           | -                          | -         | 760,000              | 1,653,093         | (893,093)                 |
| Community and correctional services | 9,075,000         | 227,000                    | -         | 9,302,000            | 9,241,872         | 60,128                    |
| Community justice and public safety | 14,674,000        | 247,000                    | -         | 14,921,000           | 14,571,904        | 349,096                   |
| Human rights                        | 459,000           | 90,000                     | -         | 549,000              | 531,000           | 18,000                    |
|                                     | <b>36,677,000</b> | <b>586,000</b>             | <b>-</b>  | <b>37,263,000</b>    | <b>37,366,969</b> | <b>(103,969)</b>          |
| <b>Capital</b>                      |                   |                            |           |                      |                   |                           |
| Management services                 | 427,000           | -                          | (35,000)  | 392,000              | 286,589           | 105,411                   |
| Court services                      | 48,000            | -                          | -         | 48,000               | 40,234            | 7,766                     |
| Community and correctional services | 602,000           | 1,132,000                  | 30,000    | 1,764,000            | 1,027,071         | 736,929                   |
| Community justice and public safety | -                 | -                          | 5,000     | 5,000                | 4,500             | 500                       |
|                                     | <b>1,077,000</b>  | <b>1,132,000</b>           | <b>-</b>  | <b>2,209,000</b>     | <b>1,358,394</b>  | <b>850,606</b>            |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                             | Main<br>Estimates | Appropriation              |           |                      | Actual       | Under (Over)<br>Estimates |
|---------------------------------------------|-------------------|----------------------------|-----------|----------------------|--------------|---------------------------|
|                                             |                   | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |              |                           |
| <b>Justice</b>                              |                   |                            |           |                      |              |                           |
| Less acquisition of tangible capital assets | \$ (544,000)      | \$ (912,000)               | \$ -      | \$ (1,456,000)       | \$ (652,314) | \$ (803,686)              |
|                                             | 533,000           | 220,000                    | -         | 753,000              | 706,080      | 46,920                    |
| Amortization expenses                       | 577,000           | (14,000)                   | -         | 563,000              | 563,055      | (55)                      |
| Total expenses                              | 37,787,000        | 792,000                    | -         | 38,579,000           | 38,636,104   | (57,104)                  |
| <b>Public Service Commission</b>            |                   |                            |           |                      |              |                           |
| Operations and maintenance                  | 513,000           | -                          | -         | 513,000              | 577,256      | (64,256)                  |
| Finance and administration                  | 1,753,000         | -                          | -         | 1,753,000            | 1,819,480    | (66,480)                  |
| Corporate human resource services           | 1,386,000         | -                          | -         | 1,386,000            | 1,345,813    | 40,187                    |
| Employee compensation                       | 1,074,000         | -                          | -         | 1,074,000            | 763,046      | 310,954                   |
| Staff relations                             | 3,000,000         | 225,000                    | -         | 3,225,000            | 3,177,179    | 47,821                    |
| Workers' compensation fund                  | 440,000           | -                          | -         | 440,000              | 379,038      | 60,962                    |
| Human resource management systems           | 573,000           | -                          | -         | 573,000              | 650,222      | (77,222)                  |
| Policy and planning                         | 3,969,000         | 1,000,000                  | -         | 4,969,000            | 12,054,751   | (7,085,751)               |
| Employee future benefits                    | 2,426,000         | -                          | -         | 2,426,000            | 2,476,601    | (50,601)                  |
| Staff development                           |                   |                            |           |                      |              |                           |
|                                             | 15,134,000        | 1,225,000                  | -         | 16,359,000           | 23,243,386   | (6,884,386)               |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                             | Appropriation     |                            |           |                      | Under (Over)<br>Estimates |
|---------------------------------------------|-------------------|----------------------------|-----------|----------------------|---------------------------|
|                                             | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |                           |
| <b>Public Service Commission</b>            |                   |                            |           |                      |                           |
| Capital                                     |                   |                            |           |                      |                           |
| Finance and administration                  | \$ 86,000         | \$ -                       | \$ -      | \$ 86,000            | \$ 48                     |
| Less acquisition of tangible capital assets | (29,000)          | -                          | -         | (29,000)             | (12,705)                  |
|                                             | 57,000            | -                          | -         | 57,000               | 69,657                    |
|                                             | 14,000            | 1,000                      | -         | 15,000               | 10,866                    |
|                                             | 15,205,000        | 1,226,000                  | -         | 16,431,000           | 23,323,909                |
|                                             |                   |                            |           |                      | (6,892,909)               |
| <b>Tourism and Culture</b>                  |                   |                            |           |                      |                           |
| Operations and maintenance                  |                   |                            |           |                      |                           |
| Corporate services                          | 2,126,000         | -                          | 5,000     | 2,131,000            | 15,363                    |
| Cultural services                           | 4,080,000         | 166,000                    | (19,000)  | 4,227,000            | 31,009                    |
| Marketing                                   | 7,294,000         | 55,000                     | 14,000    | 7,363,000            | 113,182                   |
|                                             | 13,500,000        | 221,000                    | -         | 13,721,000           | 159,554                   |



GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                             | Appropriation     |                            |           |                      | Actual           | Under (Over)<br>Estimates |
|---------------------------------------------|-------------------|----------------------------|-----------|----------------------|------------------|---------------------------|
|                                             | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |                  |                           |
| <b>Tourism and Culture</b>                  |                   |                            |           |                      |                  |                           |
| Capital                                     |                   |                            |           |                      |                  |                           |
| Corporate services                          | \$ 65,000         | \$ 20,000                  | \$ -      | \$ 85,000            | \$ 84,774        | \$ 226                    |
| Cultural services                           | 3,942,000         | 586,000                    | (18,000)  | 4,510,000            | 3,783,836        | 726,164                   |
| Marketing                                   | 1,318,000         | 382,000                    | 18,000    | 1,718,000            | 1,490,842        | 227,158                   |
|                                             | <b>5,325,000</b>  | <b>988,000</b>             | <b>-</b>  | <b>6,313,000</b>     | <b>5,359,452</b> | <b>953,548</b>            |
| Less acquisition of tangible capital assets | -                 | -                          | -         | -                    | (10,800)         | 10,800                    |
|                                             | 5,325,000         | 988,000                    | -         | 6,313,000            | 5,348,652        | 964,348                   |
| Amortization expenses                       | 597,000           | 7,000                      | -         | 604,000              | 605,152          | (1,152)                   |
| Total expenses                              | 19,422,000        | 1,216,000                  | -         | 20,638,000           | 19,515,250       | 1,122,750                 |
| <b>Women's Directorate</b>                  |                   |                            |           |                      |                  |                           |
| Operations and maintenance                  |                   |                            |           |                      |                  |                           |
| Policy and program development              | 626,000           | 243,000                    | -         | 869,000              | 784,014          | 84,986                    |
| Capital                                     | 8,000             | -                          | -         | 8,000                | 7,564            | 436                       |
| Policy and program development              |                   |                            |           |                      |                  |                           |
| Total expenses                              | 634,000           | 243,000                    | -         | 877,000              | 791,578          | 85,422                    |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                              | Appropriation     |                            |           |                      | Actual       | Under (Over)<br>Estimates |
|----------------------------------------------|-------------------|----------------------------|-----------|----------------------|--------------|---------------------------|
|                                              | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates |              |                           |
| Yukon Housing Corporation (Transfer Payment) |                   |                            |           |                      |              |                           |
| Operations and maintenance                   | \$ 2,360,000      | \$ -                       | \$ -      | \$ 2,360,000         | \$ 1,090,927 | \$ 1,269,073              |
| Capital                                      | 2,381,000         | (57,000)                   | -         | 2,324,000            | 1,924,677    | 399,323                   |
| Total expenses                               | 4,741,000         | (57,000)                   | -         | 4,684,000            | 3,015,604    | 1,668,396                 |
| Interest on Loans                            |                   |                            |           |                      |              |                           |
| Operations and maintenance<br>Interest       | 360,000           | -                          | -         | 360,000              | 359,671      | 329                       |

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department  
for the year ended March 31, 2005

|                                                                                | Appropriation         |                            |             |                       | Under (Over)<br>Estimates |
|--------------------------------------------------------------------------------|-----------------------|----------------------------|-------------|-----------------------|---------------------------|
|                                                                                | Main<br>Estimates     | Supplementary<br>Estimates | Transfers   | Revised<br>Estimates  |                           |
| <b>Totals</b>                                                                  |                       |                            |             |                       |                           |
| Operations and maintenance                                                     | \$ 533,141,000        | \$ 33,905,000              | \$ -        | \$ 567,046,000        | \$ 9,374,347              |
| Capital                                                                        | 151,719,000           | 4,119,000                  | -           | 155,838,000           | 34,918,059                |
| Less: Acquisition of tangible capital assets                                   | (59,096,000)          | (7,259,000)                | -           | (66,355,000)          | (21,441,553)              |
| Land development costs transferred to land held for sale                       | (9,835,000)           | 2,102,000                  | -           | (7,733,000)           | (2,334,093)               |
| Local improvement costs transferred to loans receivable                        | (1,200,000)           | (31,000)                   | -           | (1,231,000)           | (557,327)                 |
| Capital lease payments transferred to capital lease obligations                | -                     | -                          | -           | (913,333)             | 913,333                   |
| Payment for road construction materials transferred to inventories of supplies | -                     | -                          | -           | (900,000)             | 900,000                   |
| Amortization expenses                                                          | 32,039,000            | (2,780,000)                | -           | 29,259,000            | 1,847,339                 |
|                                                                                | <b>\$ 646,768,000</b> | <b>\$ 30,056,000</b>       | <b>\$ -</b> | <b>\$ 676,824,000</b> | <b>\$ 23,620,104</b>      |

## GOVERNMENT OF YUKON

Schedule 5

Schedule of Recoveries of Prior Years' Expenses  
for the year ended March 31, 2005

| Department                  | Over<br>Accruals  | Other<br>Recoveries | Total             |
|-----------------------------|-------------------|---------------------|-------------------|
| Tourism and Culture         | \$ 77,385         | \$ 211,029          | \$ 288,414        |
| Justice                     | 147,759           | 2,242               | 150,001           |
| Education                   | 48,254            | 23,793              | 72,047            |
| Health and Social Services  | 22,853            | 16,698              | 39,551            |
| Economic Development        | 18,831            | -                   | 18,831            |
| Environment                 | 7,665             | -                   | 7,665             |
| Community Services          | 5,750             | -                   | 5,750             |
| Highways and Public Works   | 4,443             | 639                 | 5,082             |
| Legislative Assembly        | 827               | -                   | 827               |
| Public Service Commission   | -                 | 410                 | 410               |
| Energy, Mines and Resources | -                 | 215                 | 215               |
| Executive Council Office    | -                 | (1,893)             | (1,893)           |
|                             | <u>\$ 333,767</u> | <u>\$ 253,133</u>   | <u>\$ 586,900</u> |

GOVERNMENT OF YUKON

Schedule 6

Schedule of Restricted Funds  
for the year ended March 31, 2005

|                                                               | Recycling Fund | Health Investment Fund | Conservation Fund | Road and Airport Equipment Reserve Fund | Queen's Printer Revolving Fund | Vehicle Fleet Revolving Fund | Property Management Revolving Fund | Wildland Fire Suppression Fund | Risk Management Fund | 2004 Total    | 2005 Total    |
|---------------------------------------------------------------|----------------|------------------------|-------------------|-----------------------------------------|--------------------------------|------------------------------|------------------------------------|--------------------------------|----------------------|---------------|---------------|
| <b>Revenues</b>                                               |                |                        |                   |                                         |                                |                              |                                    |                                |                      |               |               |
| Appropriation                                                 | \$ -           | \$ 102,000             | \$ -              | \$ -                                    | \$ -                           | \$ -                         | \$ 15,680,170                      | \$ 8,167,000                   | \$ 1,033,951         | \$ 24,983,121 | \$ 13,702,570 |
| Operating                                                     | 2,404,114      | -                      | 27,986            | 10,187,571                              | 594,965                        | 3,135,389                    | 12,618,750                         | 14,208,202                     | 178,105              | 43,355,082    | 26,769,412    |
|                                                               | 2,404,114      | 102,000                | 27,986            | 10,187,571                              | 594,965                        | 3,135,389                    | 28,298,920                         | 22,375,202                     | 1,212,056            | 68,338,203    | 40,471,982    |
| <b>Expenses</b>                                               |                |                        |                   |                                         |                                |                              |                                    |                                |                      |               |               |
| Operating                                                     | 2,327,833      | 221,786                | -                 | 7,959,607                               | 595,713                        | 2,191,564                    | 28,998,463                         | 22,298,401                     | 192,298              | 64,785,667    | 36,411,844    |
| Amortization                                                  | -              | -                      | -                 | 2,237,476                               | 41,611                         | 892,606                      | -                                  | -                              | -                    | 3,171,693     | 3,201,169     |
|                                                               | 2,327,833      | 221,786                | -                 | 10,197,083                              | 637,324                        | 3,084,170                    | 28,998,463                         | 22,298,401                     | 192,298              | 67,957,360    | 39,613,013    |
| Net profit (loss) from operations                             | 76,281         | (119,786)              | 27,986            | (9,512)                                 | (42,359)                       | 51,219                       | (699,543)                          | 76,801                         | 1,019,758            | 380,843       | 858,969       |
| Excess (profit)/loss returned to/covered by appropriation     | -              | -                      | -                 | -                                       | -                              | -                            | 450,346                            | -                              | -                    | 450,346       | (618,114)     |
| Net profit (loss) for the year                                | 76,281         | (119,786)              | 27,986            | (9,512)                                 | (42,359)                       | 51,219                       | (249,197)                          | 76,801                         | 1,019,758            | 831,189       | 240,855       |
| Adjustments for the Financial Administration Act requirements |                |                        |                   |                                         |                                |                              |                                    |                                |                      |               |               |
| Acquisition of capital assets                                 | -              | -                      | -                 | (141,810)                               | -                              | (1,174,401)                  | -                                  | -                              | -                    | (1,316,211)   | (2,619,420)   |
| Amortization of capital assets                                | -              | -                      | -                 | 2,237,476                               | 41,611                         | 778,370                      | -                                  | -                              | -                    | 3,057,457     | 3,063,177     |
| deferred capital contributions                                | -              | -                      | -                 | (5,140)                                 | -                              | (10,092)                     | -                                  | -                              | -                    | (15,232)      | (83,042)      |
| (Gain)/loss on sale of capital assets                         | -              | -                      | -                 | 5,140                                   | -                              | 26,024                       | -                                  | -                              | -                    | 31,164        | 168,268       |
| Proceeds on sale of capital assets                            | -              | -                      | -                 | -                                       | -                              | -                            | -                                  | -                              | -                    | -             | -             |
| Balance at beginning of year                                  | 316,029        | 219,231                | 1,400             | 2,903,530                               | 154,946                        | 1,927,680                    | 249,197                            | -                              | -                    | 5,772,013     | 5,002,175     |
| Balance at end of year                                        | \$ 392,310     | \$ 99,443              | \$ 29,386         | \$ 4,989,664                            | \$ 154,198                     | \$ 1,598,800                 | \$ -                               | \$ 76,801                      | \$ 1,019,758         | \$ 8,360,380  | \$ 5,772,013  |

## GOVERNMENT OF YUKON

Schedule 7

Schedule of Inventory Revolving Funds  
for the year ended March 31, 2005

|                       | Garage Parts<br>and<br>Fuel Inventory<br>Revolving Fund | Central Stores<br>Revolving Fund | Highway<br>Materials<br>Revolving Fund | 2005<br>Total | 2004<br>Total |
|-----------------------|---------------------------------------------------------|----------------------------------|----------------------------------------|---------------|---------------|
| Opening Inventory     | \$ 1,001,700 \$                                         | 423,852 \$                       | 2,214,026 \$                           | \$ 3,639,578  | \$ 3,147,884  |
| Add purchases         | 2,121,029                                               | 1,406,047                        | 1,915,747                              | 5,442,823     | 5,643,470     |
|                       | 3,122,729                                               | 1,829,899                        | 4,129,773                              | 9,082,401     | 8,791,354     |
| Less: Consumption     | 2,044,931                                               | 1,401,131                        | 2,343,621                              | 5,789,683     | 5,147,649     |
| Inventory adjustments | -                                                       | 7,097                            | 45,391                                 | 52,488        | 4,127         |
| Closing Inventory     | \$ 1,077,798 \$                                         | 421,671 \$                       | 1,740,761 \$                           | \$ 3,240,230  | \$ 3,639,578  |

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants  
for the year ended March 31, 2005

|                                             | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Appropriation | Actual            | Under (Over)<br>Estimates |
|---------------------------------------------|-------------------|----------------------------|--------------------------|-------------------|---------------------------|
| <b>Community Services</b>                   |                   |                            |                          |                   |                           |
| Operations and maintenance                  | \$ 4,196,000      | \$ -                       | \$ 4,196,000             | \$ 4,192,520      | \$ 3,480                  |
| In lieu of property taxes                   |                   |                            |                          |                   |                           |
| Community/local advisory council            | 70,000            | -                          | 70,000                   | 61,430            | 8,570                     |
| operation and maintenance grants            | 2,589,000         | 136,000                    | 2,725,000                | 2,763,168         | (38,168)                  |
| Home owner grants                           | 12,178,000        | 9,000                      | 12,187,000               | 12,187,742        | (742)                     |
| Comprehensive municipal grants              | -                 | 600,000                    | 600,000                  | 600,000           | -                         |
| Extraordinary grant - City of Dawson        |                   |                            |                          |                   |                           |
|                                             | <b>19,033,000</b> | <b>745,000</b>             | <b>19,778,000</b>        | <b>19,804,860</b> | <b>(26,860)</b>           |
| <b>Education</b>                            |                   |                            |                          |                   |                           |
| Operations and maintenance                  | 10,000            | -                          | 10,000                   | 10,000            | -                         |
| Teacher training (French bursaries)         | 3,700,000         | 242,000                    | 3,942,000                | 4,099,033         | (157,033)                 |
| Post secondary student grants               | 49,000            | 25,000                     | 74,000                   | 74,000            | -                         |
| Post secondary student scholarships         |                   |                            |                          |                   |                           |
|                                             | <b>3,759,000</b>  | <b>267,000</b>             | <b>4,026,000</b>         | <b>4,183,033</b>  | <b>(157,033)</b>          |
| <b>Environment</b>                          |                   |                            |                          |                   |                           |
| Operations and maintenance                  | 1,000             | -                          | 1,000                    | 1,000             | -                         |
| Wildlife health fund                        | 7,000             | -                          | 7,000                    | 8,000             | (1,000)                   |
| Canadian Cooperative Wildlife Health Centre | 6,000             | -                          | 6,000                    | 6,000             | -                         |
| Fur Institute of Canada                     |                   |                            |                          |                   |                           |
|                                             | <b>14,000</b>     | <b>-</b>                   | <b>14,000</b>            | <b>15,000</b>     | <b>(1,000)</b>            |

## GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants  
for the year ended March 31, 2005

|                                               | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Appropriation | Actual            | Under (Over)<br>Estimates |
|-----------------------------------------------|-------------------|----------------------------|--------------------------|-------------------|---------------------------|
| <b>Health and Social Services</b>             |                   |                            |                          |                   |                           |
| Operations and maintenance                    | \$                | \$                         | \$                       | \$                | \$                        |
| Adoption subsidies                            | 87,000            | (12,000)                   | 75,000                   | 102,370           | (27,370)                  |
| Child care operating grants                   | 2,253,000         | (49,000)                   | 2,204,000                | 2,224,961         | (20,961)                  |
| Child care subsidies                          | 2,854,000         | (304,000)                  | 2,550,000                | 2,731,025         | (181,025)                 |
| Federal child benefit - Whitehorse            | 180,000           | -                          | 180,000                  | 217,500           | (37,500)                  |
| Youth allowance                               | 2,000             | -                          | 2,000                    | 1,096             | 904                       |
| Alcohol and drug - education and prevention   | 10,000            | -                          | 10,000                   | 7,900             | 2,100                     |
| Employment incentive grants                   | 370,000           | -                          | 370,000                  | 264,392           | 105,608                   |
| Social assistance - Whitehorse                | 7,956,000         | 1,200,000                  | 9,156,000                | 8,240,960         | 915,040                   |
| Yukon seniors' income supplement              | 228,000           | -                          | 228,000                  | 193,679           | 34,321                    |
| Pioneer utility grant                         | 734,000           | -                          | 734,000                  | 864,040           | (130,040)                 |
| Rehabilitation subsidies                      | 30,000            | -                          | 30,000                   | 6,088             | 23,912                    |
| In lieu of property taxes - continuing care   | 250,000           | -                          | 250,000                  | 200,643           | 49,357                    |
| Medical travel subsidies                      | 165,000           | -                          | 165,000                  | 173,240           | (8,240)                   |
| In lieu of property taxes - community nursing | 64,000            | -                          | 64,000                   | 57,480            | 6,520                     |
| Federal child benefit - region                | 43,000            | -                          | 43,000                   | 71,414            | (28,414)                  |
| Social assistance - region                    | 940,000           | -                          | 940,000                  | 845,497           | 94,503                    |
|                                               | <b>16,166,000</b> | <b>835,000</b>             | <b>17,001,000</b>        | <b>16,202,285</b> | <b>798,715</b>            |



GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants  
for the year ended March 31, 2005

|                                           | Main<br>Estimates | Supplementary<br>Estimates | Revised<br>Appropriation | Actual        | Under (Over)<br>Estimates |
|-------------------------------------------|-------------------|----------------------------|--------------------------|---------------|---------------------------|
| <b>Justice</b>                            |                   |                            |                          |               |                           |
| Operations and maintenance                | \$ 50,000         | \$ -                       | \$ 50,000                | \$ 49,807     | \$ 193                    |
| Institutional facilities inmate allowance | 421,000           | 90,000                     | 511,000                  | 511,000       | -                         |
| Human Rights Commission                   |                   |                            |                          |               |                           |
|                                           | 471,000           | 90,000                     | 561,000                  | 560,807       | 193                       |
| <b>Tourism and Culture</b>                |                   |                            |                          |               |                           |
| Operations and maintenance                |                   |                            |                          |               |                           |
| Yukon Arts Centre Corporation             | 499,000           | -                          | 499,000                  | 499,300       | (300)                     |
| <b>Women's Directorate</b>                |                   |                            |                          |               |                           |
| Operations and maintenance                |                   |                            |                          |               |                           |
| Community workshops on family violence    | 5,000             | -                          | 5,000                    | 5,000         | -                         |
| <b>Totals</b>                             |                   |                            |                          |               |                           |
| Operations and maintenance                | \$ 39,947,000     | \$ 1,937,000               | \$ 41,884,000            | \$ 41,270,285 | \$ 613,715                |

## GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                            | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|--------------------------------------------|-------------------|----------------------------|-----------|----------------------|------------------|---------------------------|
| <b>Executive Council Office</b>            |                   |                            |           |                      |                  |                           |
| Operations and maintenance                 | \$ 3,490,000      | \$ -                       | \$ -      | \$ 3,490,000         | \$ 2,581,835     | \$ 908,165                |
| Land claims implementation initiatives     | 920,000           | (10,000)                   | -         | 910,000              | 850,737          | 59,263                    |
| Community language initiatives             | 5,000             | -                          | -         | 5,000                | 4,601            | 399                       |
| Commissioner's entertainment allowance     | 10,000            | (5,000)                    | -         | 5,000                | 5,365            | (365)                     |
| Klondike Visitors Association              | 397,000           | -                          | -         | 397,000              | 384,004          | 12,996                    |
| Youth strategy initiatives                 | -                 | -                          | -         | -                    | -                | -                         |
| Canada Winter Games Society                | -                 | -                          | -         | -                    | -                | -                         |
| - Pan Northern Ambassador                  | -                 | 150,000                    | -         | 150,000              | 75,000           | 75,000                    |
| Carcross/Tagish First Nation               | -                 | 53,000                     | -         | 53,000               | 83,150           | (30,150)                  |
| Teslin Tlingit Council                     | -                 | 15,000                     | -         | 15,000               | 19,800           | (4,800)                   |
| Kwanlin Dun First Nation                   | -                 | 50,000                     | -         | 50,000               | 50,000           | -                         |
| Vuntut Gwitchin First Nation               | -                 | 50,000                     | -         | 50,000               | 50,000           | -                         |
| Association of Yukon Fire Chiefs           | -                 | 5,000                      | -         | 5,000                | 5,000            | -                         |
| Fathers of Confederation                   | -                 | 5,000                      | -         | 5,000                | 5,000            | -                         |
| Yukon Chamber of Commerce                  | -                 | 60,000                     | -         | 60,000               | 60,000           | -                         |
| National Aboriginal Achievement Foundation | -                 | 5,000                      | -         | 5,000                | 5,000            | -                         |
| First Nations organizations                | -                 | 5,000                      | -         | 5,000                | 3,500            | 1,500                     |
| Potlatch Society                           | -                 | 5,000                      | -         | 5,000                | 5,000            | -                         |
| Canadian Red Cross Society                 | -                 | -                          | -         | -                    | 25,000           | (25,000)                  |
| Yukon Environmental Assessment Board       | -                 | -                          | -         | -                    | 1,100            | (1,100)                   |
|                                            | <b>4,822,000</b>  | <b>388,000</b>             | <b>-</b>  | <b>5,210,000</b>     | <b>4,214,092</b> | <b>995,908</b>            |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                           | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|-------------------------------------------|-------------------|----------------------------|-----------|----------------------|------------------|---------------------------|
| <b>Executive Council Office</b>           |                   |                            |           |                      |                  |                           |
| Capital                                   |                   |                            |           |                      |                  |                           |
| First Nations economic accords/agreements | \$ 300,000        | \$ -                       | \$ -      | \$ 300,000           | \$ 100,000       | \$ 200,000                |
| Youth strategy initiatives                | 200,000           | -                          | -         | 200,000              | 200,000          | -                         |
| Kwanlin Dun Heritage Cultural Centre      | -                 | 382,000                    | -         | 382,000              | 400,000          | (18,000)                  |
|                                           | <b>500,000</b>    | <b>382,000</b>             | <b>-</b>  | <b>882,000</b>       | <b>700,000</b>   | <b>182,000</b>            |
| <b>Community Services</b>                 |                   |                            |           |                      |                  |                           |
| Operations and maintenance                | 563,000           | -                          | -         | 563,000              | 562,338          | 662                       |
| Community recreation/active living        | 999,000           | 140,000                    | -         | 1,139,000            | 1,217,284        | (78,284)                  |
| Sport                                     | 100,000           | -                          | -         | 100,000              | 100,000          | -                         |
| Association of Yukon Communities          | 70,000            | -                          | -         | 70,000               | 65,847           | 4,153                     |
| Volunteer Bureau                          | 75,000            | -                          | -         | 75,000               | 75,000           | -                         |
| Mae Bachur Animal Shelter                 | 30,000            | -                          | -         | 30,000               | 30,000           | -                         |
| World International dog sled championship | 20,000            | -                          | -         | 20,000               | 20,000           | -                         |
| Dawson Humane Society                     | 329,000           | (30,000)                   | -         | 299,000              | 269,936          | 29,064                    |
| Community library boards                  | -                 | 1,040,000                  | -         | 1,040,000            | 1,040,000        | -                         |
| Dawson City projects                      | -                 | -                          | -         | -                    | -                | -                         |
|                                           | <b>2,186,000</b>  | <b>1,150,000</b>           | <b>-</b>  | <b>3,336,000</b>     | <b>3,380,405</b> | <b>(44,405)</b>           |

## GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                            | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|--------------------------------------------|-------------------|----------------------------|-----------|----------------------|------------------|---------------------------|
| <b>Community Services</b>                  |                   |                            |           |                      |                  |                           |
| Capital                                    | \$                | \$                         | \$        | \$                   | \$               | \$                        |
| FireSmart                                  | 1,350,000         | 91,000                     | -         | 1,441,000            | 1,298,228        | 142,772                   |
| City of Whitehorse recreation facilities   | 1,000,000         | -                          | -         | 1,000,000            | 1,000,000        | -                         |
| Recreation/community centres - various     | 60,000            | -                          | -         | 60,000               | 23,924           | 36,076                    |
| Community centre - Marsh Lake              | 140,000           | -                          | -         | 140,000              | 140,000          | -                         |
| Heritage House - Habitat for Humanity      | 50,000            | -                          | -         | 50,000               | 47,893           | 2,107                     |
| Sewage treatment and disposal:             |                   |                            |           |                      |                  |                           |
| - Carmacks sewage treatment                | 1,100,000         | -                          | -         | 1,100,000            | 978,072          | 121,928                   |
| - Teslin sewer main                        | 2,000,000         | (1,950,000)                | -         | 50,000               | -                | 50,000                    |
| Riverbank stabilization - Old Crow         | 500,000           | -                          | -         | 500,000              | -                | 500,000                   |
| Old Crow quarry development                | 1,200,000         | -                          | -         | 1,200,000            | 900,000          | 300,000                   |
| Dawson City projects                       | -                 | -                          | -         | -                    | 94,000           | (94,000)                  |
| Skating arena improvement - Pelly Crossing | -                 | -                          | -         | -                    | 79,200           | (79,200)                  |
| Community hall gym floor - Beaver Creek    | -                 | -                          | -         | -                    | 50,000           | (50,000)                  |
|                                            | <b>7,400,000</b>  | <b>(1,859,000)</b>         | <b>-</b>  | <b>5,541,000</b>     | <b>4,611,317</b> | <b>929,683</b>            |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                | Main<br>Estimates | Supplementary<br>Estimates | Transfers    | Revised<br>Estimates | Actual         | Under (Over)<br>Estimates |
|------------------------------------------------|-------------------|----------------------------|--------------|----------------------|----------------|---------------------------|
| <b>Economic Development</b>                    |                   |                            |              |                      |                |                           |
| Operations and maintenance                     | \$ 30,000         | \$ -                       | \$ -         | \$ 30,000            | \$ 3,466       | \$ 26,534                 |
| Trade initiatives                              |                   |                            |              |                      |                |                           |
| Yukon Chamber of Commerce                      | 36,000            | -                          | -            | 36,000               | 36,000         | -                         |
| - operation support                            | 8,000             | -                          | -            | 8,000                | -              | 8,000                     |
| - Alaska trade show                            | 45,000            | -                          | -            | 45,000               | 45,000         | -                         |
| - Canada-Yukon Business Service Centre         | 36,000            | -                          | -            | 36,000               | 36,716         | (716)                     |
| Yukon Federation of Labour                     | 15,000            | -                          | -            | 15,000               | 15,000         | -                         |
| Yukon Building and Construction Trades Council | 5,000             | -                          | -            | 5,000                | 2,000          | 3,000                     |
| Business Development Bank of Canada            | 50,000            | 10,000                     | -            | 60,000               | 60,000         | -                         |
| Recording Arts Industry Yukon Association      | 15,000            | -                          | -            | 15,000               | -              | 15,000                    |
| Whitehorse Chamber of Commerce                 | 15,000            | -                          | -            | 15,000               | -              | 15,000                    |
| Canadian Information Processing Society        | 85,000            | -                          | -            | 85,000               | 85,000         | -                         |
| Technology Innovation Centre                   | -                 | 15,000                     | -            | 15,000               | 15,000         | -                         |
| Grey Mountain Housing Society                  | -                 | 25,000                     | -            | 25,000               | 25,000         | -                         |
| YkNet                                          | -                 | -                          | 6,000        | 6,000                | 5,500          | 500                       |
| Yukon Commercial Fishing Association           | -                 | -                          | -            | -                    | 3,000          | (3,000)                   |
| Government of Manitoba                         | -                 | -                          | -            | -                    | -              | -                         |
|                                                | <b>340,000</b>    | <b>50,000</b>              | <b>6,000</b> | <b>396,000</b>       | <b>331,682</b> | <b>64,318</b>             |

## GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                          | Main<br>Estimates | Supplementary<br>Estimates | Transfers       | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|------------------------------------------|-------------------|----------------------------|-----------------|----------------------|------------------|---------------------------|
| <b>Economic Development</b>              |                   |                            |                 |                      |                  |                           |
| Capital                                  | \$                | \$                         | \$              | \$                   | \$               | \$                        |
| Economic infrastructure development      | 90,000            | -                          | (90,000)        | -                    | -                | -                         |
| Micro loan program                       | 98,000            | -                          | -               | 98,000               | 98,000           | -                         |
| Technology Innovation Centre             | 150,000           | 100,000                    | -               | 250,000              | 191,996          | 58,004                    |
| Technology partnerships                  | 100,000           | -                          | -               | 100,000              | 70,000           | 30,000                    |
| Enterprise and trade fund                | 900,000           | -                          | -               | 900,000              | 269,541          | 630,459                   |
| Film development and production          | 665,000           | (665,000)                  | -               | -                    | -                | -                         |
| Regional development program             | 450,000           | -                          | -               | 450,000              | 74,627           | 375,373                   |
| Community development fund               | 3,192,000         | 659,000                    | -               | 3,851,000            | 3,035,714        | 815,286                   |
| Strategic industries development program | 1,400,000         | (465,000)                  | -               | 935,000              | 318,567          | 616,433                   |
| Community access program                 | -                 | 360,000                    | -               | 360,000              | 72,648           | 287,352                   |
| Film and sound incentive programs        | -                 | 880,000                    | -               | 880,000              | 752,119          | 127,881                   |
| City of Whitehorse                       | -                 | -                          | 6,000           | 6,000                | 5,236            | 764                       |
| Northern Research Institute              | -                 | -                          | 25,000          | 25,000               | 25,000           | -                         |
|                                          | <b>7,045,000</b>  | <b>869,000</b>             | <b>(59,000)</b> | <b>7,855,000</b>     | <b>4,913,448</b> | <b>2,941,552</b>          |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                                  | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual  | Under (Over)<br>Estimates |
|------------------------------------------------------------------|-------------------|----------------------------|-----------|----------------------|---------|---------------------------|
| <b>Education</b>                                                 |                   |                            |           |                      |         |                           |
| Operations and maintenance                                       | \$                | \$                         | \$        | \$                   | \$      | (97)                      |
| Education related organizations                                  | 101,000           | 15,000                     | 9,000     | 116,000              | 117,632 | (1,632)                   |
| Student transportation                                           |                   |                            |           |                      |         |                           |
| Special payments for education-related events/student activities | 59,000            | -                          | 64,000    | 123,000              | 129,902 | (6,902)                   |
| Student accommodation (boarding subsidy)                         | 115,000           | -                          | -         | 115,000              | 119,468 | (4,468)                   |
| Yukon Teachers' Association                                      |                   |                            |           |                      |         |                           |
| - professional development fund                                  | 362,000           | -                          | -         | 362,000              | 362,000 | -                         |
| - teacher mentoring fund                                         | 50,000            | -                          | -         | 50,000               | 50,000  | -                         |
| Remuneration school councils/committees                          | 148,000           | -                          | -         | 148,000              | 147,125 | 875                       |
| Native language program                                          | 352,000           | -                          | -         | 352,000              | 352,000 | -                         |
| Arts contributions                                               | 19,000            | -                          | -         | 19,000               | 19,000  | -                         |
| Yukon Francophone School Board                                   |                   |                            |           |                      |         |                           |
| - operations                                                     | 74,000            | -                          | -         | 74,000               | 74,000  | -                         |
| - special initiatives                                            | 114,000           | 22,000                     | -         | 136,000              | 197,500 | (61,500)                  |
| Association franco-yukonnaise                                    |                   |                            |           |                      |         |                           |
| - special initiatives                                            | 110,000           | (60,000)                   | -         | 50,000               | 180,000 | (130,000)                 |
| - community project                                              | -                 | -                          | -         | -                    | 50,000  | (50,000)                  |
| Interchange on Canadian studies                                  | 9,000             | -                          | -         | 9,000                | 9,000   | -                         |
| First Nations elder pilot                                        | 30,000            | -                          | -         | 30,000               | 14,760  | 15,240                    |
| Western and Northern Canada Protocol                             |                   |                            |           |                      |         |                           |
| First Nation language pilot                                      | 20,000            | -                          | -         | 20,000               | 20,400  | (400)                     |
| French cultural activities                                       | 15,000            | 4,000                      | -         | 19,000               | 17,750  | 1,250                     |
| Filling in the cracks                                            | 15,000            | -                          | (15,000)  | -                    | -       | -                         |
| Curriculum support initiatives                                   | 56,000            | -                          | 19,000    | 75,000               | 98,971  | (23,971)                  |
| Association of Yukon School Councils, boards and committees      | 119,000           | -                          | -         | 119,000              | 73,232  | 45,768                    |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                             | Main<br>Estimates | Supplementary<br>Estimates | Transfers      | Revised<br>Estimates | Actual            | Under (Over)<br>Estimates |
|-------------------------------------------------------------|-------------------|----------------------------|----------------|----------------------|-------------------|---------------------------|
| <b>Education</b>                                            |                   |                            |                |                      |                   |                           |
| Operations and maintenance (continued)                      |                   |                            |                |                      |                   |                           |
| Tr'ondek Hwech'in First Nation                              | \$ 25,000         | \$ -                       | \$ -           | 25,000               | 25,000            | -                         |
| Stay in school initiatives                                  | 10,000            | -                          | 15,000         | 25,000               | 25,000            | -                         |
| Yukon College                                               | 12,649,000        | -                          | -              | 12,649,000           | 12,648,863        | 137                       |
| Yukon College                                               |                   |                            |                |                      |                   |                           |
| - college board                                             | 20,000            | -                          | -              | 20,000               | 20,000            | -                         |
| - bachelor of social work                                   | 370,000           | -                          | -              | 370,000              | 370,000           | -                         |
| - Yukon native teacher education program                    | 540,000           | -                          | -              | 540,000              | 540,000           | -                         |
| - fetal alcohol syndrome disorder                           | 129,000           | -                          | -              | 129,000              | 129,002           | (2)                       |
| - innovators in school program                              | 57,000            | -                          | -              | 57,000               | 57,000            | -                         |
| - seat purchases                                            | 580,000           | -                          | -              | 580,000              | 628,552           | (48,552)                  |
| Student training and employment program                     | 366,000           | -                          | (10,000)       | 356,000              | 271,550           | 84,450                    |
| Apprenticeship initiatives                                  | 36,000            | -                          | -              | 36,000               | 36,254            | (254)                     |
| Literacy initiatives                                        | 100,000           | -                          | 107,000        | 207,000              | 131,636           | 75,364                    |
| Canada/Yukon summer program                                 | 114,000           | -                          | 8,000          | 122,000              | 122,140           | (140)                     |
| Yukon Learn                                                 | 150,000           | -                          | -              | 150,000              | 225,000           | (75,000)                  |
| Labour market initiatives                                   | 4,000             | -                          | 2,000          | 6,000                | 6,003             | (3)                       |
| Community/school needs assessment                           | -                 | 11,000                     | 4,000          | 15,000               | 15,000            | -                         |
| Selkirk First Nation agreement                              | -                 | -                          | 15,000         | 15,000               | 15,000            | -                         |
| First Nations curriculum developments                       | -                 | -                          | 37,000         | 37,000               | 35,275            | 1,725                     |
| Home tutor program                                          | -                 | -                          | 330,000        | 330,000              | 332,435           | (2,435)                   |
| Association des parents partenaires<br>de l'école française | -                 | -                          | -              | -                    | 72,929            | (72,929)                  |
|                                                             | <b>16,927,000</b> | <b>(8,000)</b>             | <b>585,000</b> | <b>17,504,000</b>    | <b>17,757,476</b> | <b>(253,476)</b>          |



GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                       | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual     | Under (Over)<br>Estimates |
|-------------------------------------------------------|-------------------|----------------------------|-----------|----------------------|------------|---------------------------|
| <b>Education</b>                                      |                   |                            |           |                      |            |                           |
| Capital                                               | \$ 750,000        | \$ -                       | \$ -      | \$ 750,000           | \$ 750,000 | \$ -                      |
| Yukon College capital                                 | 1,500,000         | 544,000                    | -         | 2,044,000            | 1,782,806  | 261,194                   |
| Community training fund                               | 200,000           | -                          | -         | 200,000              | 200,000    | -                         |
| Canada-Yukon youth internship program                 | 35,000            | -                          | -         | 35,000               | 35,000     | -                         |
| Yukon work information network                        |                   |                            |           |                      |            |                           |
|                                                       | 2,485,000         | 544,000                    | -         | 3,029,000            | 2,767,806  | 261,194                   |
| <b>Energy, Mines and Resources</b>                    |                   |                            |           |                      |            |                           |
| Operations and maintenance                            |                   |                            |           |                      |            |                           |
| Yukon Forest Industry Association                     | 10,000            | (3,000)                    | -         | 7,000                | -          | 7,000                     |
| Natural Resources Canada, Canadian Forest Services    | 15,000            | -                          | -         | 15,000               | 13,867     | 1,133                     |
| Kaska Tribal Council                                  | 271,000           | (271,000)                  | -         | -                    | -          | -                         |
| - forestry                                            | -                 | 30,000                     | -         | 30,000               | 30,000     | -                         |
| - forest economic benefits agreement                  | -                 | 120,000                    | -         | 205,000              | 205,000    | -                         |
| - forestry agreement-in-principle                     | -                 | 50,000                     | 85,000    | 100,000              | 100,000    | -                         |
| - oil and gas management                              | 50,000            | -                          | -         | 150,000              | -          | 150,000                   |
| - energy and corporate policy                         | -                 | 150,000                    | -         | -                    | -          | -                         |
| Yukon Agricultural Association                        | 15,000            | 30,000                     | -         | 45,000               | 25,000     | 20,000                    |
| - operating                                           | -                 | 190,000                    | -         | 190,000              | 100,000    | 90,000                    |
| - agriculture policy framework - transitional funding | -                 | -                          | -         | -                    | 5,338      | (5,338)                   |
| - abattoir                                            | -                 | -                          | -         | -                    | 4,500      | (4,500)                   |
| - calendar                                            | -                 | -                          | -         | -                    | 3,000      | -                         |
| Utilities Consumers' Group Society                    | 3,000             | -                          | -         | 3,000                | -          | -                         |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                      | Main<br>Estimates | Supplementary<br>Estimates | Transfers   | Revised<br>Estimates | Actual    | Under (Over)<br>Estimates |
|------------------------------------------------------|-------------------|----------------------------|-------------|----------------------|-----------|---------------------------|
| <b>Energy, Mines and Resources</b>                   |                   |                            |             |                      |           |                           |
| Operations and maintenance (continued)               |                   |                            |             |                      |           |                           |
| Yukon First Nations for reclamation of Type II mines | \$ 4,640,000      | \$ (4,640,000)             | \$ -        | \$ -                 | \$ -      | -                         |
| - Han Construction (Trondek Hwech'in First Nation)   | -                 | 2,000,000                  | (2,000,000) | -                    | -         | -                         |
| - First Nation of Nacho Nyak Dun                     | -                 | 640,000                    | (300,000)   | 340,000              | 2,460     | 337,540                   |
| - Ross River Dena Council                            | -                 | -                          | -           | -                    | 151,324   | (151,324)                 |
| - Selkirk First Nation                               | -                 | -                          | -           | -                    | 83,407    | (83,407)                  |
| Memorandum of understanding                          |                   |                            |             |                      |           |                           |
| - various First Nations                              | 50,000            | (35,000)                   | (7,000)     | 8,000                | 7,739     | 261                       |
| Klondike Placer Miners' Association                  |                   |                            |             |                      |           |                           |
| - operating                                          | 15,000            | -                          | -           | 15,000               | 25,000    | (10,000)                  |
| - Yukon placer authorization                         | -                 | 10,000                     | -           | 10,000               | 10,000    | -                         |
| Yukon Chamber of Mines                               |                   |                            |             |                      |           |                           |
| - operating                                          | 45,000            | -                          | -           | 45,000               | 45,000    | -                         |
| - training trust fund                                | -                 | 100,000                    | -           | 100,000              | 100,000   | -                         |
| Yukon Placer Committee                               | 57,000            | -                          | -           | 57,000               | 1,159     | 55,841                    |
| Mining Environment Research Group related projects   | 25,000            | (25,000)                   | -           | -                    | -         | -                         |
| Forest sector training trust fund                    | -                 | 1,000,000                  | -           | 1,000,000            | 1,000,000 | -                         |
| Kaska Forest Resources Stewardship Council           | -                 | 363,000                    | -           | 363,000              | 363,000   | -                         |
| Agriculture - various groups and individuals         | -                 | 65,000                     | -           | 65,000               | 63,949    | 1,051                     |
| North slope planning commission                      | -                 | 10,000                     | -           | 10,000               | 15,000    | (5,000)                   |
| Various universities-geological surveys requirements | -                 | 125,000                    | -           | 125,000              | 95,643    | 29,357                    |
| Mining Association of Canada                         | -                 | 15,000                     | -           | 15,000               | 15,000    | -                         |
| Northern climate exchange                            |                   |                            |             |                      |           |                           |
| - policy                                             | -                 | -                          | 5,000       | 5,000                | 5,000     | -                         |
| - forestry                                           | -                 | -                          | -           | -                    | 2,211     | (2,211)                   |
| Champagne and Alshihik First Nations                 | -                 | -                          | 25,000      | 25,000               | 20,000    | 5,000                     |
| Liard First Nation                                   | -                 | -                          | 2,000       | 2,000                | 1,944     | 56                        |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                              | Main<br>Estimates | Supplementary<br>Estimates | Transfers          | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|----------------------------------------------|-------------------|----------------------------|--------------------|----------------------|------------------|---------------------------|
| <b>Energy, Mines and Resources</b>           |                   |                            |                    |                      |                  |                           |
| Operations and maintenance (continued)       |                   |                            |                    |                      |                  |                           |
| Geological Surveys of Canada                 | \$ -              | \$ -                       | 20,000             | \$ 20,000            | \$ -             | 20,000                    |
| Yukon Conservation Society                   | -                 | -                          | -                  | -                    | 1,000            | (1,000)                   |
| Council for Yukon First Nations              | -                 | -                          | -                  | -                    | 2,200            | (2,200)                   |
| Yukon Prospector's Association               | -                 | -                          | -                  | -                    | 2,000            | (2,000)                   |
| Tagish Lake Gold Corporation                 | -                 | -                          | -                  | -                    | 11,960           | (11,960)                  |
|                                              | <b>5,196,000</b>  | <b>(76,000)</b>            | <b>(2,170,000)</b> | <b>2,950,000</b>     | <b>2,511,701</b> | <b>438,299</b>            |
| Capital                                      |                   |                            |                    |                      |                  |                           |
| Alaska Highway pipeline analysis             | 55,000            | -                          | (39,000)           | 16,000               | 15,619           | 381                       |
| Resource assessments - oil and gas           | 50,000            | -                          | (50,000)           | -                    | -                | -                         |
| Geological Surveys                           | 100,000           | -                          | -                  | 100,000              | 101,600          | (1,600)                   |
| Yukon mining incentives program              | 828,000           | (34,000)                   | (121,000)          | 673,000              | 670,153          | 2,847                     |
| Mining Environment Research Group            | 25,000            | (25,000)                   | -                  | -                    | -                | -                         |
| Forest renewal                               | -                 | 30,000                     | (23,000)           | 7,000                | 7,000            | -                         |
| - Champagne and Aishihik First Nations       | -                 | -                          | 90,000             | 90,000               | 97,700           | (7,700)                   |
| - Alsek Renewable Resource Council           | -                 | -                          | 10,000             | 10,000               | 10,000           | -                         |
| Resource infrastructure development          | -                 | -                          | -                  | 31,000               | 30,726           | 274                       |
| Alaska Highway aboriginal pipeline coalition | -                 | 155,000                    | 50,000             | 205,000              | 205,000          | -                         |
| - Kwanlin Du. First Nation                   | -                 | 200,000                    | -                  | 200,000              | 200,000          | -                         |
| Resource assessments - minerals              | -                 | -                          | -                  | -                    | -                | -                         |
|                                              | <b>1,058,000</b>  | <b>357,000</b>             | <b>(83,000)</b>    | <b>1,332,000</b>     | <b>1,337,798</b> | <b>(5,798)</b>            |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                  | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual         | Under (Over)<br>Estimates |
|--------------------------------------------------|-------------------|----------------------------|-----------|----------------------|----------------|---------------------------|
| <b>Environment</b>                               |                   |                            |           |                      |                |                           |
| Operations and maintenance                       | \$ 30,000         | \$ -                       | \$ -      | \$ 30,000            | \$ 28,863      | \$ 1,137                  |
| Environmental public awareness                   | 35,000            | -                          | -         | 35,000               | 36,200         | (1,200)                   |
| Yukon Conservation Society                       | 164,000           | 45,000                     | -         | 209,000              | 209,015        | (15)                      |
| Wildlife Management Advisory Council             | 48,000            | -                          | -         | 48,000               | 50,300         | (2,300)                   |
| Porcupine Caribou Management Board               | 45,000            | -                          | -         | 45,000               | 45,000         | -                         |
| Yukon College                                    | 68,000            | -                          | -         | 68,000               | 89,181         | (21,181)                  |
| Yukon Trappers Association                       | 5,000             | -                          | -         | 5,000                | 5,000          | -                         |
| Arctic Borderland Ecological Knowledge Society   | 75,000            | -                          | -         | 75,000               | 65,000         | 10,000                    |
| Whitehorse Fish Hatchery                         | 25,000            | 10,000                     | -         | 35,000               | 35,000         | -                         |
| Yukon Fish and Game Association                  | 19,000            | -                          | -         | 19,000               | 6,000          | 13,000                    |
| Southern Lakes Caribou Steering Committee        | 4,000             | -                          | -         | 4,000                | -              | 4,000                     |
| Canadian Wildlife Directors Secretariat          | 75,000            | -                          | (15,000)  | 60,000               | 75,000         | (15,000)                  |
| Global warming/climate change                    | 80,000            | -                          | 15,000    | 95,000               | 81,300         | 13,700                    |
| Waste reduction initiatives                      | -                 | 5,000                      | -         | 5,000                | 6,500          | (1,500)                   |
| University of Alberta                            | -                 | 3,000                      | -         | 3,000                | 7,000          | (4,000)                   |
| Fish and Wildlife Management Board               | -                 | -                          | -         | -                    | 700            | (700)                     |
| Dawson District Renewable Resources Council      | -                 | -                          | -         | -                    | 1,000          | (1,000)                   |
| Canadian Wildlife Federation                     | -                 | -                          | -         | -                    | 5,000          | (5,000)                   |
| Canadian Council on Ministers of the Environment | -                 | -                          | -         | -                    | 150,000        | (150,000)                 |
| Yukon Wildlife Preserve                          | -                 | -                          | -         | -                    | 5,134          | (5,134)                   |
| Ta'an Kwachan First Nation                       | -                 | -                          | -         | -                    | 4,000          | (4,000)                   |
| Wildlife Habitat Canada                          | -                 | -                          | -         | -                    | 20,000         | (20,000)                  |
| Yukon River Panel - Yukon Queen II               | -                 | -                          | -         | -                    | -              | -                         |
|                                                  | <b>673,000</b>    | <b>63,000</b>              | <b>-</b>  | <b>736,000</b>       | <b>925,193</b> | <b>(189,193)</b>          |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                  | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual         | Under (Over)<br>Estimates |
|--------------------------------------------------|-------------------|----------------------------|-----------|----------------------|----------------|---------------------------|
| <b>Environment</b>                               |                   |                            |           |                      |                |                           |
| Capital                                          | \$                | \$                         |           | \$                   | \$             |                           |
| Simon Fraser University                          | -                 | 15,000                     | -         | 15,000               | 14,580         | 420                       |
| Vuntut Gwitchin First Nation                     | -                 | 24,000                     | -         | 24,000               | 30,000         | (6,000)                   |
| Yukon College                                    | -                 | -                          | -         | -                    | 10,000         | (10,000)                  |
| Canadian Council on Ministers of the Environment | -                 | -                          | -         | -                    | 2,000          | (2,000)                   |
| Yukon Energy Corporation                         | -                 | -                          | -         | -                    | 40,000         | (40,000)                  |
|                                                  | -                 | <b>39,000</b>              | -         | <b>39,000</b>        | <b>96,580</b>  | <b>(57,580)</b>           |
| <b>Finance</b>                                   |                   |                            |           |                      |                |                           |
| Operations and maintenance                       |                   |                            |           |                      |                |                           |
| Public utilities income tax transfer             | 213,000           | -                          | -         | 213,000              | 212,700        | 300                       |
| Workers' compensation supplementary benefits     | 382,000           | -                          | -         | 382,000              | 386,337        | (4,337)                   |
|                                                  | <b>595,000</b>    | -                          | -         | <b>595,000</b>       | <b>599,037</b> | <b>(4,037)</b>            |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                               | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual     | Under (Over)<br>Estimates |
|-----------------------------------------------|-------------------|----------------------------|-----------|----------------------|------------|---------------------------|
| <b>Health and Social Services</b>             |                   |                            |           |                      |            |                           |
| Operations and maintenance                    |                   |                            |           |                      |            |                           |
| Yukon Health and Social Services Council      | \$ 40,000         | \$ -                       | \$ -      | 40,000               | 45,571     | \$ (5,571)                |
| United Way                                    | 10,000            | -                          | -         | 10,000               | 10,000     | -                         |
| Kids' recreation fund                         | 60,000            | -                          | -         | 60,000               | 60,000     | -                         |
| Food for learning                             | 30,000            | -                          | -         | 30,000               | 30,000     | -                         |
| Kwanlin Dun First Nation child welfare        | 64,000            | -                          | -         | 64,000               | 70,863     | (6,863)                   |
| Community development projects                | 10,000            | -                          | -         | 10,000               | 1,900      | 8,100                     |
| Foster Parent Association                     | 10,000            | -                          | -         | 10,000               | 10,000     | -                         |
| Whitehorse Transit - Handi Bus                | 184,000           | -                          | -         | 184,000              | 183,806    | 194                       |
| Salvation Army                                | 68,000            | 32,000                     | -         | 100,000              | 56,000     | 44,000                    |
| Primary health care transition fund           |                   |                            |           |                      |            |                           |
| - Child Development Centre                    | 70,000            | -                          | -         | 70,000               | 162,185    | (92,185)                  |
| - FAS Society of the Yukon                    | 70,000            | -                          | -         | 70,000               | 108,500    | (38,500)                  |
| - ambulatory care reporting                   | 60,000            | -                          | -         | 60,000               | 120,000    | (60,000)                  |
| Yukon Medical Association                     |                   |                            |           |                      |            |                           |
| - medical practice insurance                  | 262,000           | -                          | -         | 262,000              | 262,000    | -                         |
| - education                                   | 200,000           | 37,000                     | -         | 237,000              | 237,500    | (500)                     |
| - physician recruitment/retention initiatives | 127,000           | 1,084,000                  | -         | 1,211,000            | 1,302,500  | (91,500)                  |
| Medical student bursary                       | 10,000            | -                          | -         | 10,000               | 9,557      | 443                       |
| Rural incentive                               | 5,000             | -                          | -         | 5,000                | 8,635      | (3,635)                   |
| Yukon hospital insurance services             | 8,850,000         | 1,650,000                  | -         | 10,500,000           | 10,397,972 | 102,028                   |
| Yukon Hospital Corporation                    | 24,263,000        | 150,000                    | -         | 24,413,000           | 24,261,508 | 151,492                   |
| Health investment fund                        | 77,000            | -                          | -         | 77,000               | 77,000     | -                         |
| Yukon Registered Nurses Association           |                   |                            |           |                      |            |                           |
| - nursing education fund                      | 50,000            | 10,000                     | -         | 60,000               | 60,000     | -                         |
| - nursing advisory committee                  | 10,000            | -                          | -         | 10,000               | 6,054      | 3,946                     |
| - nurses post basic specialty education fund  | 75,000            | -                          | -         | 75,000               | 75,000     | -                         |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                     | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual            | Under (Over)<br>Estimates |
|-----------------------------------------------------|-------------------|----------------------------|-----------|----------------------|-------------------|---------------------------|
| <b>Health and Social Services</b>                   |                   |                            |           |                      |                   |                           |
| Operations and maintenance (continued)              | \$                | \$                         | \$        | \$                   | \$                | \$                        |
| Recreation and Parks Association                    | 10,000            | -                          | -         | 10,000               | -                 | 10,000                    |
| Liard family support                                | 43,000            | -                          | -         | 43,000               | 39,943            | 3,057                     |
| Ross River Dena family support                      | 44,000            | -                          | -         | 44,000               | 43,000            | 1,000                     |
| Vuntut Gwitchin First Nation youth programs         | -                 | 35,000                     | -         | 35,000               | 35,000            | -                         |
| Four year plan - early childhood education and care | -                 | 10,000                     | -         | 10,000               | -                 | 10,000                    |
| Health promotion - Liard Basin task force           | -                 | 70,000                     | -         | 70,000               | 70,000            | -                         |
| Victoria Faulkner Women's Centre - accommodation    | -                 | -                          | -         | -                    | 28,800            | (28,800)                  |
| Recreation and Parks Association - healthy living   | -                 | -                          | -         | -                    | 108,200           | (108,200)                 |
| Chronic Disease Collaborative                       | -                 | -                          | -         | -                    | 45,500            | (45,500)                  |
| Council for Yukon First Nations                     | -                 | -                          | -         | -                    | 15,761            | (15,761)                  |
| - health partnership                                | -                 | -                          | -         | -                    | 20,000            | (20,000)                  |
| - Children's Act review                             | -                 | -                          | -         | -                    | 13,166            | (13,166)                  |
| Alberta Health Insurance                            | -                 | -                          | -         | -                    | 28,000            | (28,000)                  |
| Rural ambulance services - incidental costs         | -                 | -                          | -         | -                    | 30,471            | (30,471)                  |
| Policy, planning and administration - miscellaneous | -                 | -                          | -         | -                    | 1,500             | (1,500)                   |
| Social services - miscellaneous                     | -                 | -                          | -         | -                    | -                 | -                         |
|                                                     | <b>34,702,000</b> | <b>3,078,000</b>           | <b>-</b>  | <b>37,780,000</b>    | <b>38,035,892</b> | <b>(255,892)</b>          |
| <b>Capital</b>                                      |                   |                            |           |                      |                   |                           |
| Child care services development                     | 80,000            | -                          | -         | 80,000               | 57,670            | 22,330                    |
| Women's shelters - renovations and equipment        | 15,000            | -                          | -         | 15,000               | 11,166            | 3,834                     |
| Yukon Hospital Corporation - equipment              | 531,000           | 300,000                    | -         | 831,000              | 1,053,323         | (222,323)                 |
|                                                     | <b>626,000</b>    | <b>300,000</b>             | <b>-</b>  | <b>926,000</b>       | <b>1,122,159</b>  | <b>(196,159)</b>          |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                               | Main<br>Estimates | Supplementary<br>Estimates | Transfers        | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|-----------------------------------------------|-------------------|----------------------------|------------------|----------------------|------------------|---------------------------|
| <b>Highways &amp; Public Works</b>            |                   |                            |                  |                      |                  |                           |
| Operations and maintenance                    |                   |                            |                  |                      |                  |                           |
| Miles Canyon Historical Railway Society       | \$ 72,000         | \$ -                       | \$ -             | \$ 72,000            | \$ 62,042        | \$ 9,958                  |
| Association franco-yukonnaise                 | 130,000           | -                          | -                | 130,000              | 130,000          | -                         |
| Yukon Hospital Corporation                    | 30,000            | -                          | -                | 30,000               | 30,000           | -                         |
| Teslin Chamber of Commerce                    | -                 | 5,000                      | -                | 5,000                | 5,000            | -                         |
| Yukon - Quebec exchange agreement             | -                 | -                          | 17,000           | 17,000               | 17,000           | -                         |
|                                               | <b>232,000</b>    | <b>5,000</b>               | <b>17,000</b>    | <b>254,000</b>       | <b>244,042</b>   | <b>9,958</b>              |
| <b>Capital</b>                                |                   |                            |                  |                      |                  |                           |
| Connect Yukon                                 | 9,027,000         | -                          | (315,000)        | 8,712,000            | 7,800,001        | 911,999                   |
| Association franco-yukonnaise                 | -                 | 90,000                     | 1,000            | 91,000               | 90,000           | 1,000                     |
| - Centre de la francophonie building addition | -                 | -                          | 10,000           | 10,000               | 10,000           | -                         |
| Yukon Information Technology Industry Society | -                 | -                          | 4,000            | 4,000                | 3,600            | 400                       |
| Canadian vertical reference system            | -                 | -                          | 2,000            | 2,000                | 2,300            | (300)                     |
| Geobase Secretariate                          | -                 | -                          | 27,000           | 27,000               | 26,724           | 276                       |
| Carcross and Tagish Development Corporation   | -                 | -                          | 7,000            | 7,000                | 7,000            | -                         |
| Teslin Tiingit Council                        | -                 | -                          | -                | -                    | 10,000           | (10,000)                  |
| Kluane First Nation - Shakwak                 | -                 | -                          | -                | -                    | -                | -                         |
|                                               | <b>9,027,000</b>  | <b>90,000</b>              | <b>(264,000)</b> | <b>8,853,000</b>     | <b>7,949,625</b> | <b>903,375</b>            |



GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                                    | Main<br>Estimates | Supplementary<br>Estimates | Transfers | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|--------------------------------------------------------------------|-------------------|----------------------------|-----------|----------------------|------------------|---------------------------|
| <b>Justice</b>                                                     |                   |                            |           |                      |                  |                           |
| Operations and maintenance                                         |                   |                            |           |                      |                  |                           |
| Yukon Legal Services Society (legal aid)                           | \$ 1,652,000      | \$ 22,000                  | \$ -      | \$ 1,674,000         | \$ 1,592,592     | \$ 81,408                 |
| Aboriginal courtworker program                                     | 321,000           | -                          | -         | 321,000              | 369,415          | (48,415)                  |
| Yukon Public Legal Education Association                           | 85,000            | -                          | -         | 85,000               | 85,000           | -                         |
| Yukon Utilities Board                                              | 100,000           | -                          | -         | 100,000              | 88,465           | 11,535                    |
| Teslin Tlingit Council                                             | 200,000           | -                          | -         | 200,000              | 200,000          | -                         |
| Community residential centre (Salvation Army)                      | 400,000           | -                          | -         | 400,000              | 405,234          | (5,234)                   |
| Youth leadership program                                           | 168,000           | -                          | -         | 168,000              | 165,625          | 2,375                     |
| Community justice projects                                         | 293,000           | -                          | -         | 293,000              | 309,357          | (16,357)                  |
| Yukon Workers' Compensation Health & Safety<br>Board (Mine Safety) | -                 | -                          | -         | -                    | 857,554          | (857,554)                 |
|                                                                    | <b>3,219,000</b>  | <b>22,000</b>              | <b>-</b>  | <b>3,241,000</b>     | <b>4,073,242</b> | <b>(832,242)</b>          |
| <b>Capital</b>                                                     |                   |                            |           |                      |                  |                           |
| Corrections consultation project                                   | -                 | -                          | -         | -                    | 114,623          | (114,623)                 |

## GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                       | Main<br>Estimates | Supplementary<br>Estimates | Transfers       | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|-------------------------------------------------------|-------------------|----------------------------|-----------------|----------------------|------------------|---------------------------|
| <b>Tourism and Culture</b>                            |                   |                            |                 |                      |                  |                           |
| Operations and maintenance                            | \$ 16,000         | \$ -                       | \$ -            | 16,000               | \$ 16,500        | \$ (500)                  |
| Yukon Science Institute                               | 7,000             | -                          | (7,000)         | -                    | -                | -                         |
| Innovators in the school                              |                   |                            |                 |                      |                  |                           |
| Museums                                               |                   |                            |                 |                      |                  |                           |
| - general operation, maintenance and training support | 178,000           | -                          | -               | 178,000              | 178,000          | -                         |
| Yukon Recreation Advisory Committee arts group        | 425,000           | -                          | -               | 425,000              | 412,500          | 12,500                    |
| Artist in school                                      | 25,000            | -                          | -               | 25,000               | 25,000           | -                         |
| Advanced artist award                                 | 80,000            | -                          | -               | 80,000               | 70,578           | 9,422                     |
| Dawson City Arts Society                              | 250,000           | -                          | -               | 250,000              | 250,000          | -                         |
| Friends of Yukon Archives Society                     | 9,000             | -                          | -               | 9,000                | 9,000            | -                         |
| Slay another day                                      |                   |                            |                 |                      |                  |                           |
| - arts themed events                                  | 151,000           | -                          | -               | 151,000              | 138,439          | 12,561                    |
| - marketing                                           | 25,000            | -                          | 10,000          | 35,000               | 35,357           | (357)                     |
| Yukon Convention Bureau Society                       | 200,000           | -                          | -               | 200,000              | 200,000          | -                         |
| Alaska Travel Industry Association                    | 255,000           | -                          | 20,000          | 275,000              | 274,967          | 33                        |
| Wilderness Tourism Association of the Yukon           | 264,000           | -                          | -               | 264,000              | 264,000          | -                         |
| Tourism North                                         | 134,000           | -                          | 2,000           | 136,000              | 136,525          | (525)                     |
| Yukon Quest                                           | 150,000           | -                          | -               | 150,000              | 150,000          | -                         |
| Sourdough Rendezvous                                  | 15,000            | 35,000                     | -               | 50,000               | 50,000           | -                         |
| Tourism Industry Association of Yukon                 | 285,000           | -                          | (117,000)       | 168,000              | 167,500          | 500                       |
| Yukon tourism marketing partnership                   | 100,000           | -                          | -               | 100,000              | 100,000          | -                         |
| First Nation Tourism Association                      | 60,000            | -                          | -               | 60,000               | 60,000           | -                         |
|                                                       | <b>2,629,000</b>  | <b>35,000</b>              | <b>(92,000)</b> | <b>2,572,000</b>     | <b>2,538,366</b> | <b>33,634</b>             |

## GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                        | Main<br>Estimates | Supplementary<br>Estimates | Transfers      | Revised<br>Estimates | Actual           | Under (Over)<br>Estimates |
|--------------------------------------------------------|-------------------|----------------------------|----------------|----------------------|------------------|---------------------------|
| <b>Tourism and Culture</b>                             |                   |                            |                |                      |                  |                           |
| Capital                                                | \$                | \$                         | \$             | \$                   | \$               | \$                        |
| Museums assistance                                     | 435,000           | 40,000                     | 13,000         | 488,000              | 483,632          | 4,368                     |
| Exhibits assistance                                    | 100,000           | -                          | -              | 100,000              | 100,000          | -                         |
| Conservation and security                              | 10,000            | 14,000                     | (11,000)       | 13,000               | 13,000           | -                         |
| First Nations cultural centres                         | 220,000           | -                          | -              | 220,000              | 220,000          | -                         |
| Historic sites maintenance                             | 75,000            | -                          | -              | 75,000               | 54,104           | 20,896                    |
| Fort Selkirk                                           | 125,000           | -                          | 5,000          | 130,000              | 124,845          | 5,155                     |
| Heritage trails                                        | 25,000            | (16,000)                   | -              | 9,000                | -                | 9,000                     |
| Carcross/Tagish First Nations Heritage Cultural Centre | 300,000           | 60,000                     | -              | 360,000              | -                | 360,000                   |
| Arts fund                                              | 500,000           | 99,000                     | -              | 599,000              | 467,577          | 131,423                   |
| Visual arts acquisition                                | 10,000            | -                          | -              | 10,000               | 10,000           | -                         |
| Decade of sport and culture                            | 200,000           | 132,000                    | -              | 332,000              | 253,500          | 78,500                    |
| Product development and research                       | 70,000            | -                          | 20,000         | 90,000               | 87,625           | 2,375                     |
| Tourism cooperative marketing fund                     | 150,000           | -                          | 297,000        | 447,000              | 353,564          | 93,436                    |
| Old Crow visitors reception exhibit                    | -                 | 60,000                     | -              | 60,000               | 60,000           | -                         |
| Heritage attractions site support                      | -                 | -                          | 15,000         | 15,000               | 15,000           | -                         |
|                                                        | <b>2,220,000</b>  | <b>389,000</b>             | <b>339,000</b> | <b>2,948,000</b>     | <b>2,242,847</b> | <b>705,153</b>            |

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions  
for the year ended March 31, 2005

|                                                                      | Main<br>Estimates | Supplementary<br>Estimates | Transfers      | Revised<br>Estimates | Actual         | Under (Over)<br>Estimates |
|----------------------------------------------------------------------|-------------------|----------------------------|----------------|----------------------|----------------|---------------------------|
| <b>Women's Directorate</b>                                           |                   |                            |                |                      |                |                           |
| Operations and maintenance                                           | \$ 20,000         | \$ -                       | \$ -           | 20,000               | \$ 20,000      | \$ -                      |
| Victoria Faulkner Women's Centre                                     | 50,000            | -                          | -              | 50,000               | 50,000         | -                         |
| Women's advocate                                                     | 12,000            | -                          | -              | 12,000               | 12,000         | -                         |
| Yukon Status of Women Council                                        | -                 | 93,000                     | -              | 93,000               | 75,500         | 17,500                    |
| Family violence and violence against women<br>prevention initiatives |                   |                            |                |                      |                |                           |
|                                                                      | 82,000            | 93,000                     | -              | 175,000              | 157,500        | 17,500                    |
| <b>Yukon Housing Corporation (Transfer Payment)</b>                  |                   |                            |                |                      |                |                           |
| Operations and maintenance                                           | 2,360,000         | -                          | -              | 2,360,000            | 1,090,927      | 1,269,073                 |
| Capital                                                              | 2,381,000         | (57,000)                   | -              | 2,324,000            | 1,924,677      | 399,323                   |
| <b>Totals</b>                                                        |                   |                            |                |                      |                |                           |
| Operations and maintenance                                           | 73,963,000        | 4,800,000                  | (1,654,000)    | 77,109,000           | 75,859,555     | 1,249,445                 |
| Capital                                                              | 32,742,000        | 1,054,000                  | (67,000)       | 33,729,000           | 27,780,880     | 5,948,120                 |
|                                                                      | \$ 106,705,000    | \$ 5,854,000               | \$ (1,721,000) | \$ 110,838,000       | \$ 103,640,435 | \$ 7,197,565              |

## GOVERNMENT OF YUKON

Schedule 10

Schedule of Special Warrants  
for the year ended March 31, 2005

| Warrant<br>Number | Purpose                       | Amount<br>(thousands of dollars) |          |
|-------------------|-------------------------------|----------------------------------|----------|
| No. 1             | Operations and<br>maintenance | Yukon Legislative Assembly       | \$ 1,093 |
|                   |                               | Elections Office                 | 27       |
|                   |                               | Office of the Ombudsman          | 34       |
|                   |                               | Executive Council Office         | 2,936    |
|                   |                               | Community Services               | 14,530   |
|                   |                               | Economic Development             | 768      |
|                   |                               | Education                        | 25,686   |
|                   |                               | Energy, Mines and Resources      | 4,850    |
|                   |                               | Environment                      | 1,934    |
|                   |                               | Finance                          | 399      |
|                   |                               | Health and Social Services       | 62,620   |
|                   |                               | Highways and Public Works        | 27,199   |
|                   |                               | Justice                          | 6,691    |
|                   |                               | Public Service Commission        | 2,118    |
|                   |                               | Tourism and Culture              | 4,318    |
|                   |                               | Women's Directorate              | 111      |
|                   |                               | Yukon Housing Corporation        | 1,104    |
|                   |                               | Loan amortization                | 30       |
| Loan capital      | 5,000                         |                                  |          |
|                   |                               | <hr/>                            |          |
|                   |                               | 161,448                          |          |
|                   |                               | <hr/>                            |          |
| Capital           | Yukon Legislative Assembly    | \$ 10                            |          |
|                   |                               | Elections Office                 | 3        |
|                   |                               | Office of the Ombudsman          | 1        |
|                   |                               | Executive Council Office         | 130      |
|                   |                               | Community Services               | 4,535    |
|                   |                               | Economic Development             | 905      |
|                   |                               | Education                        | 7,868    |
|                   |                               | Energy, Mines and Resources      | 1,195    |
|                   |                               | Environment                      | 1,908    |
|                   |                               | Finance                          | 264      |
|                   |                               | Health and Social Services       | 4,566    |
|                   |                               | Highways and Public Works        | 36,258   |
|                   |                               | Justice                          | 240      |
|                   |                               | Public Service Commission        | 86       |
|                   |                               | Tourism and Culture              | 2,709    |
|                   |                               | Women's Directorate              | 1        |
|                   |                               | Yukon Housing Corporation        | 1,209    |
|                   |                               |                                  |          |
|                   |                               | 61,888                           |          |
|                   |                               | <hr/>                            |          |
|                   |                               | \$ 223,336                       |          |
|                   |                               | <hr/>                            |          |

The special warrant authorized spending for the purpose of financing government operations for the period April 1, 2004 to April 30, 2004. This warrant was subsequently approved by the *First Appropriation Act (Yukon) 2004-05*.

## GOVERNMENT OF YUKON

Schedule 10

Schedule of Special Warrants  
for the year ended March 31, 2005

| Warrant<br>Number | Purpose     | Amount<br>(thousands of dollars) |
|-------------------|-------------|----------------------------------|
| No. 2             | Capital     |                                  |
|                   | Environment | \$ 1,708                         |
|                   | Justice     | 592                              |
|                   |             | <u>\$ 2,300</u>                  |

The special warrant authorized spending, in addition to the amount provided in the *First Appropriation Act* (Yukon) 2004-05, for the purpose of financing government operations for the period June 17, 2004 to March 31, 2005.  
This warrant was subsequently approved by the *Second Appropriation Act* (Yukon) 2004-05.

|       |                               |                    |                  |
|-------|-------------------------------|--------------------|------------------|
| No. 3 | Operations and<br>maintenance | Community Services | \$ 15,000        |
|       |                               |                    | <u>\$ 15,000</u> |

The special warrant authorized spending, in addition to the amount provided in the *First Appropriation Act* (Yukon) 2004-05, for the purpose of financing government operations for the period July 16, 2004 to March 31, 2005.  
This warrant was subsequently approved by the *Second Appropriation Act* (Yukon) 2004-05.

|       |                               |                           |                 |
|-------|-------------------------------|---------------------------|-----------------|
| No. 4 | Operations and<br>maintenance | Community Services        | \$ 2,500        |
|       |                               | Environment               | 91              |
|       |                               | Public Service Commission | 1,225           |
|       |                               |                           | <u>\$ 3,816</u> |

The special warrant authorized spending, in addition to the amount provided in the *Second Appropriation Act* (Yukon) 2004-05, for the purpose of financing government operations for the period March 2, 2005 to March 31, 2005.  
This warrant was subsequently approved by the *Third Appropriation Act* (Yukon) 2004-05.

## GOVERNMENT OF YUKON

Schedule 11

Schedule of Public Debt  
for the year ended March 31, 2005

| Maturity<br>Date                            | Issue<br>Date | Rate<br>% | Purpose   | Balance<br>March 31, 2004 | Retirements | Balance<br>March 31, 2005 |
|---------------------------------------------|---------------|-----------|-----------|---------------------------|-------------|---------------------------|
| <b>Loans Payable - Government of Canada</b> |               |           |           |                           |             |                           |
| Mar 10 2007                                 | Mar 10 1987   | 9.0400    | Municipal | \$ 572,000                | \$ -        | \$ 572,000                |
| Apr 09 2007                                 | Apr 09 1987   | 9.1200    | Municipal | 430,000                   | -           | 430,000                   |
| May 07 2007                                 | May 07 1987   | 9.1300    | Municipal | 766,000                   | -           | 766,000                   |
| Jun 04 2007                                 | Jun 04 1987   | 9.8800    | Municipal | 793,000                   | -           | 793,000                   |
| Jul 09 2007                                 | Jul 09 1987   | 9.8300    | Municipal | 329,000                   | -           | 329,000                   |
| Aug 07 2007                                 | Aug 07 1987   | 9.7200    | Municipal | 192,000                   | -           | 192,000                   |
| Sep 10 2007                                 | Sep 10 1987   | 10.4200   | Municipal | 146,000                   | -           | 146,000                   |
| Oct 09 2007                                 | Oct 09 1987   | 10.7900   | Municipal | 134,000                   | -           | 134,000                   |
| Nov 10 2007                                 | Nov 10 1987   | 11.0700   | Municipal | 364,000                   | -           | 364,000                   |
|                                             |               |           |           | <b>\$ 3,726,000</b>       | <b>\$ -</b> | <b>\$ 3,726,000</b>       |

## GOVERNMENT OF YUKON

Schedule 12

Schedule of Bad Debt Write-offs and Forgiveness  
for the year ended March 31, 2005

## Accounts Receivable Written Off

|                                                                |                  |
|----------------------------------------------------------------|------------------|
| <b>Community Services</b>                                      |                  |
| Biensch, Eric                                                  | \$ 1,021         |
| <b>Education</b>                                               |                  |
| Charlie, Jason                                                 | 925              |
| <b>Energy, Mines and Resources</b>                             |                  |
| Wedderburn, Clive                                              | 752              |
| <b>Health and Social Services</b>                              |                  |
| Cronly-Dillon, Glen                                            | 16,301           |
| Koebel, Richard                                                | 7,562            |
| Boston, Tim                                                    | 3,041            |
| Sanders, Kimberly Marie                                        | 2,224            |
| Diale Holm, April                                              | 2,164            |
| Keir, Joseph                                                   | 1,936            |
| Potter, Darcy                                                  | 1,892            |
| Potter, Tiffany                                                | 1,041            |
| McMillan, Alma                                                 | 1,037            |
| Chien-Cheng, Chen                                              | 1,010            |
| Marquez, Gabriel and Christine                                 | 951              |
| Devlund, Kelly                                                 | 839              |
| Scullion, John                                                 | 704              |
| Prior, Robert Eugene                                           | 681              |
| <b>Highways and Public Works</b>                               |                  |
| Canada 3000                                                    | 2,292            |
| Arctic North Trucking                                          | 1,581            |
| Smarch, Peggy                                                  | 1,184            |
| <b>Payroll</b>                                                 |                  |
| Jones, Richard                                                 | 1,003            |
| Total accounts written off over \$500                          | 50,141           |
| All departments - other miscellaneous accounts less than \$500 | 10,217           |
| <b>Total accounts written off</b>                              | <b>\$ 60,358</b> |



GOVERNMENT OF YUKON

Schedule 12

Schedule of Bad Debt Write-offs and Forgiveness  
for the year ended March 31, 2005

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Forgiveness (Not Previously Written Off)

Finance

Saving energy action loan  
Lacey, Edward

\$ 8,571

Total forgiveness

\$ 8,571

## GOVERNMENT OF YUKON

Schedule 13

Schedule of Guaranteed Debt  
as at March 31, 2005

|                                                                                             | 2005                 | 2004                 |
|---------------------------------------------------------------------------------------------|----------------------|----------------------|
| Guarantees authorized pursuant to<br>the <i>Yukon Development Corporation Act</i> (Yukon)   |                      |                      |
| Long-term debt                                                                              | \$ 24,135,000        | \$ 42,410,000        |
| Guarantees authorized pursuant to<br>the <i>Housing Corporation Act</i> (Yukon)             |                      |                      |
| Mortgages                                                                                   | 18,633,914           | 19,421,000           |
| Debentures                                                                                  | 4,196,332            | 4,387,000            |
| Wholly-owned subsidiary<br>Yukon Government Fund Limited                                    | 15,000,000           | 15,000,000           |
| Guarantees authorized pursuant to<br>the <i>Economic Development Act</i> (Yukon)            | 225,267              | 171,174              |
| Guarantees authorized pursuant to<br>the <i>Business Development Assistance Act</i> (Yukon) | 99,926               | 130,026              |
|                                                                                             | <u>\$ 62,290,439</u> | <u>\$ 81,519,200</u> |

SECTION III  
SUPPLEMENTARY FINANCIAL STATEMENTS

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YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2005

(audited)

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Yukon Housing Corporation

Management's Responsibility for Financial Statements

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The financial statements contained in this annual report have been prepared by management in accordance with Canadian generally accepted accounting principles, and the integrity and objectivity of the data in these financial statements are management's responsibility.

In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the *Financial Administration Act* as well as the *Housing Corporation Act* and the by-laws of the Corporation.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibility through the Financial Management Committee, which meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls, and other relevant financial matters. The Financial Management Committee reviews the audited financial statements with the external auditor before making recommendations to the Board of Directors for their approval.

The Corporation's external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and issuing a report which is included with the financial statements. The Auditor General of Canada provides her report to the Minister responsible for Yukon Housing Corporation.

A stylized signature of Marc Tremblay in black ink.

Marc Tremblay  
President

A stylized signature of Fernes Cherinet in black ink.

Fernes Cherinet  
Director, Shared Services, Finance System & Admin

Date: July 29, 2005



## AUDITOR'S REPORT

To the Minister responsible for the  
Yukon Housing Corporation

I have audited the balance sheet of the Yukon Housing Corporation as at March 31, 2005 and the statements of equity, operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Housing Corporation Act*, I report that, in my opinion, these principles have been applied, except for the change in the method of accounting for amortization as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Housing Corporation Act* and the by-laws of the Corporation.

Roger Simpson, CA  
Principal  
for the Auditor General of Canada

Vancouver, Canada  
July 29, 2005





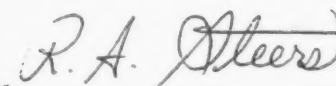
Yukon Housing Corporation  
Balance Sheet  
as at March 31

|                                                             | 2005             | 2004             |
|-------------------------------------------------------------|------------------|------------------|
|                                                             | In Thousands     |                  |
| <b>Assets</b>                                               |                  |                  |
| <b>Current</b>                                              |                  |                  |
| Cash (Note 4)                                               | \$ 3,994         | \$ 60            |
| Due from Canada Mortgage and Housing Corporation            | 282              | 279              |
| Accounts receivable - other                                 | 660              | 818              |
| Mortgages receivable - current portion (Note 5)             | 5,094            | 5,010            |
| Housing held for sale (Note 6)                              | 1,038            | 1,786            |
|                                                             | 11,068           | 7,953            |
| Seniors' Housing Management Fund (Note 7)                   | 1,684            | 1,334            |
| Mortgages, agreements and loans receivable (Note 5)         | 35,244           | 38,933           |
| Capital assets (Note 3 and 8)                               | 26,166           | 29,414           |
|                                                             | <u>\$ 74,162</u> | <u>\$ 77,634</u> |
| <b>Liabilities</b>                                          |                  |                  |
| <b>Current</b>                                              |                  |                  |
| Accounts payable                                            | \$ 1,456         | \$ 1,542         |
| Due to Government of Yukon                                  | 585              | 2,278            |
| Current portion of long-term debt (Note 9)                  | 5,728            | 5,153            |
|                                                             | 7,769            | 8,973            |
| Seniors' Housing Management Fund (Note 7)                   | 1,684            | 1,334            |
| Employee future benefits (Note 10)                          | 431              | 462              |
| Deferred revenue                                            | 1,328            | 476              |
| Deferred capital funding from Government of Yukon (Note 11) | 6,763            | 6,907            |
| Long-term debt (Note 9)                                     | 40,139           | 41,474           |
|                                                             | 58,114           | 59,626           |
| <b>Equity</b>                                               |                  |                  |
| Equity of Government of Yukon                               | 16,048           | 18,008           |
|                                                             | <u>\$ 74,162</u> | <u>\$ 77,634</u> |

Commitments and contingencies (Note 15)

Approved by the Board of Directors

  
Director

  
Director

The accompanying notes and schedules are an integral part of these financial statements.



Yukon Housing Corporation  
Statement of Equity of Government of Yukon  
year ended March 31

|                                                 | 2005             | 2004             |
|-------------------------------------------------|------------------|------------------|
|                                                 | In Thousands     |                  |
| Balance at beginning of year                    | \$ 18,008        | \$ 21,658        |
| Funding repaid to Government of Yukon (Note 12) | ( 1,960)         | ( 3,650)         |
| Balance at end of year                          | <u>\$ 16,048</u> | <u>\$ 18,008</u> |

The accompanying notes and schedules are an integral part of these financial statements.



Yukon Housing Corporation  
Statement of Operations  
year ended March 31

|                                                            | 2005           | 2004           |
|------------------------------------------------------------|----------------|----------------|
|                                                            | In Thousands   |                |
| <b>Revenues</b>                                            |                |                |
| Recoveries - cost-shared agreements                        | \$ 4,232       | \$ 4,624       |
| Rental income                                              | 3,333          | 3,380          |
| Interest income                                            | 2,208          | 2,460          |
| Recoveries - bad debts and other                           | -              | 42             |
|                                                            | <u>9,773</u>   | <u>10,506</u>  |
| <b>Expenses</b>                                            |                |                |
| Program costs (Schedule)                                   | 4,415          | 4,832          |
| Personnel                                                  | 3,657          | 3,382          |
| Interest on long-term debt                                 | 1,908          | 2,069          |
| Amortization (Note 3)                                      | 3,927          | 1,503          |
| Administration (Schedule)                                  | 636            | 700            |
|                                                            | <u>14,543</u>  | <u>12,486</u>  |
| <b>Net results of operations before government funding</b> | <b>(4,770)</b> | <b>(1,980)</b> |
| <b>Government of Yukon funding</b>                         |                |                |
| Operating grant                                            | 3,947          | 1,286          |
| Amortization of deferred capital funding                   | 823            | 694            |
|                                                            | <u>4,770</u>   | <u>1,980</u>   |
| <b>Net results of operations after government funding</b>  | <b>\$ -</b>    | <b>\$ -</b>    |

The accompanying notes and schedules are an integral part of these financial statements.



Yukon Housing Corporation  
Statement of Cash Flows  
year ended March 31

|                                                                           | 2005            | 2004            |
|---------------------------------------------------------------------------|-----------------|-----------------|
|                                                                           | In Thousands    |                 |
| <b>Operating activities</b>                                               |                 |                 |
| Net results of operations after government funding                        | \$ -            | \$ -            |
| Adjustment for non-cash items                                             |                 |                 |
| (Decrease) increase in employee future benefits                           | ( 31)           | 74              |
| Increase (decrease ) in deferred revenue                                  | 852             | ( 21)           |
| Amortization of capital assets                                            | 3,927           | 1,503           |
| Amortization of deferred capital funding                                  | ( 823)          | ( 694)          |
|                                                                           | 3,925           | 862             |
| Changes in non-cash components of working capital                         | ( 960)          | ( 120)          |
| <b>Cash flows from operating activities</b>                               | <b>2,965</b>    | <b>742</b>      |
| <b>Investing activities</b>                                               |                 |                 |
| Additions to housing projects                                             | ( 579)          | ( 178)          |
| Additions to computer systems, furnishings, equipment and office building | ( 99)           | ( 32)           |
| Additions to mortgages and agreements receivable                          | ( 6,513)        | ( 7,962)        |
| Repayments of mortgages and agreements receivable                         | 10,202          | 13,666          |
| <b>Cash flows from investing activities</b>                               | <b>3,011</b>    | <b>5,494</b>    |
| <b>Financing activities</b>                                               |                 |                 |
| Repayment of long-term debt - rental housing units and office building    | ( 1,145)        | ( 1,064)        |
| Land sales payable to Yukon Government                                    | 1,190           | -               |
| Repayment and reduction of long-term debt - other                         | ( 806)          | ( 1,873)        |
| Funding for the acquisition of capital assets                             | 679             | 205             |
| Funding repaid to Government of Yukon (Note 12)                           | ( 1,960)        | ( 3,650)        |
| <b>Cash flows used in financing activities</b>                            | <b>( 2,042)</b> | <b>( 6,382)</b> |
| <b>Increase (decrease) in cash</b>                                        | <b>3,934</b>    | <b>( 146)</b>   |
| <b>Cash at beginning of year</b>                                          | <b>60</b>       | <b>206</b>      |
| <b>Cash at end of year</b>                                                | <b>\$ 3,994</b> | <b>\$ 60</b>    |
| <b>Supplemental Disclosure of Cash Flows Information</b>                  |                 |                 |
| Interest paid                                                             | \$ 1,908        | \$ 2,085        |
| Interest received                                                         | 2,208           | 2,496           |

The accompanying notes and schedules are an integral part of these financial statements.



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

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1. Authority and mission

Yukon Housing Corporation (the "Corporation") was established in 1972 by the *Housing Corporation Act* of the Yukon Territory to undertake and assist in the provision, development, maintenance and management of housing.

The mission of the Corporation is to improve the quality of housing in the Yukon and help Yukoners resolve their housing needs.

In carrying out its mission, the Corporation provides low rental housing which generates operating losses. The Corporation also provides loans for the purpose of housing. The Corporation is dependent on the Government of Yukon for funding its operations.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies follow:

(a) Grant provided by Government of Yukon

The *Housing Corporation Act* authorizes the Government of Yukon to pay the Corporation an operating grant equal to the net loss from operations. The net loss from operations is equal to the Net results of operations before government funding less the Amortization of deferred capital funding, in the statement of operations. The portion of the funding used to purchase depreciable assets is recorded as deferred capital funding and amortized on the same basis and over the same periods as the related capital assets. Funding provided in excess of the operating grant is recorded as equity.

(b) Mortgages, agreements and loans receivable

Under the Home Repair Program, the Corporation may subsidize a debtor's repayment. These subsidies, reviewed annually, are based on the debtor's ability to pay. Mortgages receivable under the Home Repair Program are stated at estimated realizable value after providing allowances for payment subsidies.

Mortgages receivable under the Home Ownership Program are fully secured and are recorded at cost.

Mortgages receivable under the Rural and Native Housing Home Ownership Programs are stated at cost. Under the Social Housing Agreement (SHA) signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation may be required to subsidize a debtor's repayment of a Rural and Native Housing Home Ownership mortgage; CMHC annual cost-shared funding provided to the Corporation includes an amount for subsidies.

Based on historical loss experience, management considers it necessary to establish an allowance for impaired loans. Loans are classified as impaired when: (1) the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due or (2) payments are 90 days or more in arrears, except in those cases where, in the opinion of management, there is justification to continue to accrue interest. Where appropriate, an impaired loan allowance has been established to adjust the loan carrying value to the net realizable amount.

Land sales agreements, which pertain to loans receivable from lots sold to purchasers for residential, commercial and recreational purposes, are recorded at cost.



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

---

(c) Housing held for sale

The development of Mountain View Place, consisting of titled mobile housing lots, is valued at the lower of cost and net realizable value.

Housing held for sale includes houses repossessed under the Home Ownership Program and the Rural and Native Housing Home Ownership program. These houses are recorded at the lower of cost and net realizable value.

(d) Capital assets

Capital assets are valued at cost, net of contributions from outside agencies and accumulated amortization. Interest on loans during construction of capital assets is capitalized.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets.

|                                                          |          |
|----------------------------------------------------------|----------|
| Social housing projects                                  | 35 years |
| Social housing betterment not financed by long-term debt | 15 years |
| Staff housing projects and other facilities:             |          |
| Standard construction                                    | 35 years |
| Mobile home units                                        | 15 years |
| Office building                                          | 20 years |
| Other facilities                                         | 15 years |
| Furnishings and equipment                                | 5 years  |
| Computer systems                                         | 3 years  |

(e) Deferred revenue

Deferred revenue are recognized as follows:

Deferred revenue consists of funding received from Yukon Development Corporation to assist in funding a residential energy management initiative. Revenue for the energy management initiative is recognized as loan advances are given to clients, and CMHC funding will be recognized when housing related projects are undertaken or losses are incurred on the interest and mortgage guarantees.

Funding provided by Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement for future housing related projects and losses on interest and mortgage guarantees will be recognized on a straight line basis over the remaining life of the agreement. Any CMHC funding not expended will be recognized as related future expenses are incurred.

Funding provided by CMHC for the affordable housing program in the current year will be recognized when the Corporation becomes responsible for certain senior housing units in 2007/2008.

(f) Employee future benefits

Employee future benefits - other non-pension benefit plans

Under the conditions of employment, employees of the Corporation qualify for and earn employment benefits for vacation, sick and compensatory leave, travel bonus and severance benefits. The benefit obligation was determined on an actuarial basis. The obligation was calculated using the projected benefit method prorated on service.



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

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(f) Employee future benefits (continued)

Pensions

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost as employer. This amount is currently based on a multiple of the employees' required contributions, and may change over time depending on the experience of the Plan. The contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

(g) Asset retirement obligations

Pursuant to the Canadian Institute of Chartered Accountants new section 3110 the fair value of liabilities for asset retirement obligations is recognized in the period they are incurred. The fair value is added to the carrying amount of the associated asset and depreciated over the asset's useful life. The Corporation is in the process of making an inventory of all potential asset retirement obligations. If a legal obligation is found to exist, and a reasonable estimate can be made it will be booked in the future periods.

(h) Recoveries - cost-shared agreements

Under the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation has entered into cost-sharing agreements whereby operating deficits of certain housing projects are cost shared with CMHC. The Corporation has also entered into cost-sharing agreements to share the operating deficits of certain housing projects with the City of Whitehorse.

(i) Mortgage interest recognition

Interest income on mortgages is recorded on an accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter interest income is recognized on a cash basis.

(j) Rental and funding income recognition

Income from rentals and funding from Canada Mortgage and Housing Corporation are recorded on an accrual basis.

(k) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could significantly differ from these estimates. Estimates are used when accounting for matters such as impaired loans, allowances for payment subsidies for Home Repair Loans, amortization, employee future benefits and contingencies.

3. Change in Accounting Policy

In prior years, the Corporation amortized the cost of social units using the sinking fund method based on the principal repayment of associated debt. The Corporation changed the method of amortization to conform with the recommendations of the Canadian Institute of Chartered Accountants (CICA) and adopted a straight-line method of amortization over the estimated useful lives of the units.

In accordance with the CICA's Section 1100-Generally accepted accounting principles, the change has been applied prospectively. The effect of the change in amortization method was to increase amortization expense by \$2,463,187 in the Statement of operations in the current year.

4. Cash

The Corporation has an operating demand overdraft facility with its banker of up to \$11,000,000 at bank prime. At year-end, the bank prime rate was 4.25% (2004 - 4.00%). The overdraft facility is guaranteed by Government of Yukon.



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

5. Mortgages, agreements and loans receivable

|                                                                                                                                                                                                                                                                                                                                                               | Stated %<br>interest rates | 2005<br>In Thousands | 2004      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------|-----------|
| Mortgages Receivable                                                                                                                                                                                                                                                                                                                                          |                            |                      |           |
| Home Ownership                                                                                                                                                                                                                                                                                                                                                | 3.19 - 8.25                | \$ 23,718            | \$ 27,944 |
| Loans with terms up to five years, secured by registered charges against real property, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest and with maturities up to 2010. Rural and Native Home Ownership mortgages receiving subsidies (see Note 2 b) at March 31, 2005 were \$1,843,302 (March 31, 2004 - \$1,991,000). |                            |                      |           |
| Owner Build                                                                                                                                                                                                                                                                                                                                                   | 0 - 6.75                   | 2,453                | 2,703     |
| Loans with terms up to five years, secured by registered charges against real property, at fixed rates of interest ranging from 0% to the full Home Ownership mortgage rate with maturities up to 2010.                                                                                                                                                       |                            |                      |           |
| Repair & Upgrade                                                                                                                                                                                                                                                                                                                                              | 1.00 - 8.25                | 8,191                | 8,664     |
| Loans with terms up to twelve years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2016. Mortgages receiving subsidies and forgiveness at March 31, 2005 were \$1,539,562 (March 31, 2004 - \$2,082,390).             |                            |                      |           |
| Energy Management                                                                                                                                                                                                                                                                                                                                             | 1.00 - 2.75                | 234                  | 397       |
| Loans with terms up to six years, secured by registered charges against real property or chattel mortgages, repayable in blended monthly payments at fixed rates of interest with maturities up to 2011.                                                                                                                                                      |                            |                      |           |
| Joint Venture                                                                                                                                                                                                                                                                                                                                                 | 1.90 - 6.75                | 1,940                | 1,483     |
| Loans with terms up to 18 years, secured by registered charges against real property or general security agreements, repayable in blended monthly payments at fixed rates of interest with maturities up to 2022.                                                                                                                                             |                            |                      |           |





Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

|                                                                                                                                                     | Stated %<br>interest rates | 2005             | 2004             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------|------------------|
| In Thousands                                                                                                                                        |                            |                  |                  |
| Subtotal mortgages receivable                                                                                                                       |                            | \$ 36,536        | \$ 41,191        |
| Less: Allowances for payment subsidies for Home Repair loans                                                                                        |                            | 1,153            | 1,230            |
| Less: Allowances for impaired loans                                                                                                                 |                            | 93               | 93               |
| Total mortgages receivable                                                                                                                          |                            | 35,290           | 39,868           |
| Land sales agreements receivable                                                                                                                    | 4.75 - 8.50                | 5,048            | 4,075            |
| Loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2010. |                            |                  |                  |
| Total mortgages, agreements and loans receivable                                                                                                    |                            | 40,338           | 43,943           |
| Less: Current portion                                                                                                                               |                            | 5,094            | 5,010            |
|                                                                                                                                                     |                            | <u>\$ 35,244</u> | <u>\$ 38,933</u> |
| These investments earn interest at the following weighted average rates:                                                                            |                            |                  |                  |
|                                                                                                                                                     |                            | 2005             | 2004             |
| Mortgages receivable                                                                                                                                |                            | 5.20%            | 5.61%            |
| Land sales agreements receivable                                                                                                                    |                            | 5.13%            | 5.69%            |

6. Housing held for sale

|                         | 2005            | 2004            |
|-------------------------|-----------------|-----------------|
| In Thousands            |                 |                 |
| Mountain View Place     | \$ 535          | \$ 1,568        |
| Other housing inventory | 503             | 218             |
|                         | <u>\$ 1,038</u> | <u>\$ 1,786</u> |



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

**7. Seniors' Housing Management Fund**

The Seniors' Housing Management Fund was established under section 7 of the *Housing Corporation Act* to provide for the future housing needs of Yukon's seniors. The Government of Yukon approved the establishment of the Fund in October 2000.

The Fund receives Government of Yukon funding through an annual appropriation and an appropriation equal to interest revenue generated by the Corporation's Green Mortgage Program and interest revenue earned on monies held within the Fund. The Corporation has not yet secured Government of Yukon approval on the parameters for the operation of the fund; there have been no payments made out of the Fund.

Changes in the Seniors' Housing Management Fund are as follows:

|                                                                                              | 2005            | 2004            |
|----------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                              | In Thousands    |                 |
| Balance at beginning of year                                                                 | \$ 1,334        | \$ 979          |
| Government of Yukon annual appropriation                                                     | 100             | 100             |
| Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program | 219             | 225             |
| Interest revenue earned on monies held within the Fund                                       | 31              | 30              |
| Balance at end of year                                                                       | <u>\$ 1,684</u> | <u>\$ 1,334</u> |

**8. Capital assets**

|                           |                  |                          | 2005             | 2004             |
|---------------------------|------------------|--------------------------|------------------|------------------|
|                           |                  |                          | In Thousands     |                  |
|                           | Cost             | Accumulated Amortization | Net Book Value   | Net Book Value   |
| Social housing            | \$ 33,104        | \$ 16,810                | \$ 16,294        | \$ 19,587        |
| Staff housing             | 12,592           | 5,575                    | 7,017            | 6,925            |
| Office building           | 1,802            | 489                      | 1,313            | 1,383            |
| Land                      | 1,389            | -                        | 1,389            | 1,389            |
| Other facilities          | 764              | 715                      | 49               | 59               |
| Furnishings and equipment | 186              | 154                      | 32               | 44               |
| Computer systems          | 977              | 905                      | 72               | 27               |
|                           | <u>\$ 50,814</u> | <u>\$ 24,648</u>         | <u>\$ 26,166</u> | <u>\$ 29,414</u> |

Canada Mortgage and Housing Corporation (CMHC) funding used to purchase capital assets is deducted from the cost of the asset. CMHC funding allocated to capital assets during 2005 was \$250,000 (2004 - \$250,000).



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

9. Long-term debt

|                                                                                                                                                                                    | Stated %<br>interest rates | 2005             | 2004             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------|------------------|
|                                                                                                                                                                                    |                            | In Thousands     |                  |
| Mortgages payable (guaranteed by the Government of Yukon)                                                                                                                          | 4.98 - 12.50               | \$ 18,635        | \$ 19,421        |
| Loans with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2023. |                            |                  |                  |
| CMHC loans (guaranteed by the Government of Yukon)                                                                                                                                 | 5.00 - 13.25               | 4,194            | 4,387            |
| Loans repayable in blended annual payments at fixed rates of interest to maturity, and with maturities up to 2028.                                                                 |                            |                  |                  |
| Loans payable - Government of Yukon                                                                                                                                                | 0.00                       | 17,145           | 17,764           |
| Repayable without interest in periodic installments to 2028.                                                                                                                       |                            |                  |                  |
| Land sales agreements due to Government of Yukon                                                                                                                                   | 0.00                       | 5,893            | 5,055            |
| Repayable without interest in equal periodic installments to 2009.                                                                                                                 |                            |                  |                  |
| Total long-term debt                                                                                                                                                               |                            | 45,867           | 46,627           |
| Less: Current portion                                                                                                                                                              |                            | 5,728            | 5,153            |
|                                                                                                                                                                                    |                            | <u>\$ 40,139</u> | <u>\$ 41,474</u> |

The mortgages and loans payable bear interest at the following weighted average interest rates:

|                   | 2005  | 2004  |
|-------------------|-------|-------|
| Mortgages payable | 8.25% | 8.25% |
| CMHC loans        | 8.78% | 8.80% |

Principal repayments required over the next five years are as follows:

|      | CMHC Loans   | Mortgages | Government of<br>Yukon<br>Loans | Land Sales<br>Agreements | Total    |
|------|--------------|-----------|---------------------------------|--------------------------|----------|
|      | In Thousands |           |                                 |                          |          |
| 2006 | \$ 210       | \$ 853    | \$ 618                          | \$ 4,047                 | \$ 5,728 |
| 2007 | 230          | 934       | 618                             | 552                      | 2,334    |
| 2008 | 251          | 1,012     | 618                             | 551                      | 2,432    |
| 2009 | 275          | 1,082     | 618                             | 414                      | 2,389    |
| 2010 | 301          | 1,293     | 618                             | 339                      | 2,551    |



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

10. Employee future benefits

|  | 2005         | 2004 |
|--|--------------|------|
|  | In Thousands |      |

Other non-pension benefit plans

The Corporation provides non-pension benefits to its employees based on years of service and salary. Employee future benefits are a defined benefit plan and are not funded. There are no assets resulting in a plan deficit equal to the accrued benefit obligation. The results measured at the balance sheet date are summarized as follows:

|                                                  |               |               |
|--------------------------------------------------|---------------|---------------|
| Accrued benefit liability, beginning of year     | \$ 586        | \$ 650        |
| Add: Cost for the year                           | 159           | 54            |
| Less: Benefits paid by Yukon Housing             | (135)         | (47)          |
| Unamortized experience gains                     | (63)          | (71)          |
|                                                  | <u>\$ 547</u> | <u>\$ 586</u> |
| Accrued benefit liability, end of year           |               |               |
| Accrued Benefits Liability Payable               |               |               |
| Short-term portion, included in accounts payable | \$ 116        | \$ 124        |
| Long term portion                                | 431           | 462           |
|                                                  | <u>\$ 547</u> | <u>\$ 586</u> |

The significant actuarial assumptions were:

|                          |      |      |
|--------------------------|------|------|
| Discount rate            | 6.0% | 6.0% |
| Salary escalation rate   | 2.5% | 2.5% |
| Annual rate of inflation | 2.5% | 2.5% |

The most recent actuarial valuation made for these non-pensions benefit plans was as of March 31, 2003. The next required valuation would be as of March 31, 2006

Pensions

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. Contributions during the year were as follows:

|                         |        |        |
|-------------------------|--------|--------|
| Employer's contribution | \$ 207 | \$ 254 |
| Employees' contribution | 98     | 121    |



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

**11. Deferred capital funding from Government of Yukon**

Deferred capital funding represents the unamortized portion of Government of Yukon funding used to purchase depreciable capital assets.

Changes in the deferred capital funding balance are as follows:

|                                                          | 2005            | 2004            |
|----------------------------------------------------------|-----------------|-----------------|
|                                                          | In Thousands    |                 |
| Balance at beginning of year                             | \$ 6,907        | \$ 7,396        |
| Add: funding used to purchase depreciable capital assets | 679             | 205             |
| Less: amortization                                       | (823)           | (694)           |
| Balance at end of year                                   | <u>\$ 6,763</u> | <u>\$ 6,907</u> |

**12. Funding repaid to Government of Yukon**

|                                                         | 2005               | 2004               |
|---------------------------------------------------------|--------------------|--------------------|
|                                                         | In Thousands       |                    |
| Cash advances from Government of Yukon                  | \$ 3,160           | \$ 4,047           |
| Repayment of advances                                   | -                  | (3,905)            |
| Operating grant                                         | (3,947)            | (1,286)            |
| Funding used to purchase capital assets (Note 11)       | (679)              | (205)              |
| Funding invested in Seniors' Housing Management Fund    | (350)              | (355)              |
| Cash operating advances refunded to Government of Yukon | (144)              | (1,946)            |
| Funding repaid to Government of Yukon                   | <u>\$ ( 1,960)</u> | <u>\$ ( 3,650)</u> |



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

13. Financial instruments

The fair values of the financial instruments were determined using the present value of future cash flows discounted at the March 31, 2005 average market rate for mortgages and loans with similar maturities.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The carrying amount and estimated fair values of the financial instruments are as follows:

|                                                                                                              | 2005                       |                   | 2004                       |                   |
|--------------------------------------------------------------------------------------------------------------|----------------------------|-------------------|----------------------------|-------------------|
|                                                                                                              | In Thousands               |                   |                            |                   |
|                                                                                                              | <u>Carrying<br/>Amount</u> | <u>Fair Value</u> | <u>Carrying<br/>Amount</u> | <u>Fair Value</u> |
| Long-term investments                                                                                        |                            |                   |                            |                   |
| Mortgages receivable net of allowances for<br>payment subsidies on Home Repair loans<br>and loan impairments | \$ 35,290                  | \$ 34,504         | \$ 39,868                  | \$ 40,291         |
| Land sales agreements receivable                                                                             | 5,048                      | 4,708             | 4,075                      | 4,171             |
|                                                                                                              | <u>\$ 40,338</u>           | <u>\$ 39,212</u>  | <u>\$ 43,943</u>           | <u>\$ 44,462</u>  |
| Long-term debt                                                                                               |                            |                   |                            |                   |
| Mortgages payable                                                                                            | \$ 18,635                  | \$ 19,435         | \$ 19,421                  | \$ 20,331         |
| CMHC loans                                                                                                   | 4,194                      | 4,450             | 4,387                      | 4,978             |
| Loans payable - Government of Yukon                                                                          | 17,145                     | 7,642             | 17,764                     | 7,655             |
| Land sales agreements due to Government<br>of Yukon                                                          | 5,893                      | 5,427             | 5,055                      | 4,734             |
|                                                                                                              | <u>\$ 45,867</u>           | <u>\$ 36,954</u>  | <u>\$ 46,627</u>           | <u>\$ 37,698</u>  |

These financial instruments do not have active markets. The fair value of these instruments may not reflect realizable amounts.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are the result of transactions incurred in the normal course of business and have no significant credit risks.

Until settled, the fair value of mortgages, agreements and loans receivable will fluctuate based on changes in interest rates. Management believes that unrealized losses are short term in nature and the carrying amount of mortgages, agreements and loans receivable will be fully recovered. In the event there are any unrealized gains and losses on these financial instruments, they will be included in the statement of operations when realized.



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

**14. Related party transactions**

The Corporation is related in terms of common ownership to all Government of Yukon departments, corporations and agencies. In addition to those related party transactions, disclosed elsewhere in these financial statements, the Corporation enters into transactions with related entities in the normal course of business.

The Corporation is party to a Shared Services arrangement with two other government organizations which consolidates functions such as finance and administration, policy and human resources services. 2005 is the first full year of operations for the shared services group for Finance, Systems & Administration with a signed agreement and second year for Human Resources and Policy and Communications. The amount charged by the Government of the Yukon to the Corporation for shared services for the year 2005 was \$1,402,000 (2004- \$1,445,798). These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**15. Commitments and contingencies**

|                                                                                                     | 2005         | 2004     |
|-----------------------------------------------------------------------------------------------------|--------------|----------|
|                                                                                                     | In Thousands |          |
| Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31. | \$ 1,044     | \$ 1,591 |
| Subsidies to private social housing organizations                                                   | 428          | 428      |

Pursuant to a Supreme Court of the Yukon Territory court order, the Corporation was appointed Receiver/Manager of an independent third party entity the Whitehorse Housing Co-operative Association Limited effective December 9, 2003.

Pursuant to an agreement signed with Canada Mortgage and Housing Corporation in 1998, the Corporation is liable for a mortgage payable by the Whitehorse Housing Co-operative in 2005 for \$1,301,033 (2004-\$1,341,000) if it goes into default. Management believes that they will be able to repay the mortgage in full through the sale of the houses (against which the mortgage is made) in the event of default.

The Corporation insures all capital assets that are quadruplexes and up. This accounts for 247 out of 655 units in total with a net book value of \$14,909,162. The balance of units are self insured with the Government of Yukon.

In the normal course of operations, the Corporation is subject to legal claims and possible claims and no provision for any claim is included in these financial statements.

**16. Mortgage guarantees**

The cost of house construction often exceeds the market value of that house in Yukon communities. Canada Mortgage and Housing Corporation provides mortgage insurance for up to 95% of the market value of a new home. Under the Extended Mortgage Guarantee Program, the Corporation will insure for up to 95% of the cost of a new house, therefore enabling rural Yukon residents to have access to insured mortgage financing.

The contingent liability for mortgage guarantees under this program as at March 31, 2005 is \$163,000 (2004 - \$163,000).



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2005

17. Government of Yukon transfer payments

The following table reconciles funding provided by the Government of Yukon as shown in these financial statements to that recorded by the Government in its Public Accounts.

|                                                                                                                                                                          | 2005            | 2004            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                                                                                                          | In Thousands    |                 |
| Government of Yukon - Operations and Maintenance transfer payment                                                                                                        |                 |                 |
| Net results of operations before government funding                                                                                                                      | \$ 4,770        | \$ 1,980        |
| Add recovery - Mountain View Place inventory valuation allowance                                                                                                         | 173             | 43              |
| Less amortization                                                                                                                                                        | (3,927)         | (1,503)         |
| Less Program costs - Other                                                                                                                                               |                 |                 |
| Home Repair mortgage provision for payment subsidies expense                                                                                                             | (155)           | (140)           |
| Add Seniors' Housing Management Fund investment - Government of Yukon appropriation (equal to interest earned on Green Mortgage Program and monies held within the fund) | 250             | 255             |
| Government of Yukon - Operations and Maintenance transfer payment                                                                                                        | <u>\$ 1,111</u> | <u>\$ 635</u>   |
| Government of Yukon - Capital transfer payment                                                                                                                           |                 |                 |
| Recovery of Mountain View Place inventory valuation allowance                                                                                                            | (173)           | (43)            |
| Program costs - Other                                                                                                                                                    |                 |                 |
| Home Repair mortgage provision for payment subsidies expense                                                                                                             | 155             | 140             |
| Add Seniors' Housing Management Fund investment - Government of Yukon appropriation                                                                                      | 100             | 100             |
| Add funding provided to repay principal portion of long term debt                                                                                                        | 1,145           | 1,064           |
| Add funding provided to purchase depreciable capital assets (Note 11 and 12)                                                                                             | 679             | 205             |
| Government of Yukon - Capital transfer payment                                                                                                                           | <u>\$ 1,906</u> | <u>\$ 1,466</u> |

18. Comparative figures

Certain comparative figures for 2004 have been reclassified to conform with the 2005 presentation.





Yukon Housing Corporation  
Schedule of Program Costs and Administration Expenses  
Year ended March 31, 2005

|                                                              | <u>2005</u>     | <u>2004</u>     |
|--------------------------------------------------------------|-----------------|-----------------|
|                                                              | In Thousands    |                 |
| <b>Program costs</b>                                         |                 |                 |
| <b>Housing operations</b>                                    |                 |                 |
| General maintenance                                          | \$ 1,559        | \$ 1,601        |
| Utilities                                                    | 1,267           | 1,241           |
| Property taxes                                               | 485             | 480             |
| Subsidies - Private social housing organizations             | 421             | 475             |
| Direct lending program administration                        | 211             | 434             |
| Garbage collection and janitorial                            | 160             | 114             |
| Insurance                                                    | 135             | 93              |
| Property rentals                                             | 105             | 144             |
| Housing program administration                               | 22              | 73              |
| Bad debts - housing operations including rental tenants      | 48              | 37              |
|                                                              | <u>4,413</u>    | <u>4,692</u>    |
| <b>Other</b>                                                 |                 |                 |
| Home Repair mortgage provision for payment subsidies expense | 155             | 140             |
| Non-recoverable land development costs                       | (173)           | -               |
| Housing project improvements                                 | 20              | -               |
|                                                              | <u>2</u>        | <u>140</u>      |
|                                                              | <u>\$ 4,415</u> | <u>\$ 4,832</u> |
| <br><b>Administration expenses</b>                           |                 |                 |
| Rentals - office and equipment                               | \$ 203          | \$ 220          |
| Professional fees                                            | 106             | 112             |
| Travel and transportation                                    | 88              | 104             |
| Computer services                                            | 81              | 101             |
| Communications                                               | 74              | 73              |
| Office and sundry                                            | 50              | 43              |
| Boards and committees                                        | 26              | 27              |
| Program promotion                                            | 9               | 20              |
|                                                              | <u>\$ 636</u>   | <u>\$ 700</u>   |



Yukon Housing Corporation  
Schedule of Bad Debt Write-offs  
year ended March 31, 2005

| Tenant Receivables Written Off                              | Amount           | Outstanding<br>from |
|-------------------------------------------------------------|------------------|---------------------|
| Fox, Tasha                                                  | \$ 1,062         | 2002                |
| McMahon, Sean                                               | 6,175            | 2001                |
| Stimson, Michelle                                           | 3,608            | 2001                |
| Total accounts written off in the year ended March 31, 2005 | <u>\$ 10,845</u> |                     |
| Total accounts written off in the year ended March 31, 2004 | 58,664           |                     |
| Total accounts written off in the year ended March 31, 2003 | 27,487           |                     |

The Corporation is disclosing bad debts written off as required by subsection 14(4) of the *Financial Administration Act*.

YUKON DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2004

(audited)

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## MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Yukon Development Corporation are the responsibility of management, and have been prepared in accordance with Canadian generally accepted accounting principles consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates and approximations, which have been made using careful judgement. In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the consolidated financial statements.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, the careful selection and training of qualified personnel, and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities.

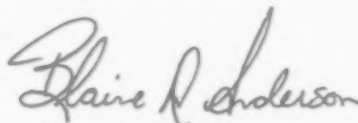
The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express an opinion on whether the consolidated financial statements, in all material respects, fairly present the Corporation's financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. In addition, the external auditor reports on whether proper books of account have been kept by the Corporation, the consolidated financial statements are in agreement therewith, and transactions, in all significant respects, are in accordance with the *Financial Administration Act* as applicable, the *Yukon Development Corporation Act* and the bylaws of the Corporation and its wholly-owned subsidiaries. The Auditor's Report, which follows, outlines the scope of this examination and the auditor's opinion.

The Corporation's Board of Directors, through its Audit and Finance Committee, oversees management's responsibilities for financial reporting. The Audit and Finance Committee meets with management and the independent external auditor to discuss auditing and financial matters, to gain assurance that management is carrying out its responsibilities and to review and approve the consolidated financial statements. The auditor has full and free access to the Audit and Finance Committee, with and without the presence of management.



David Morrison  
Chief Executive Officer

Whitehorse, Yukon  
April 22, 2005



Blaine Anderson, C.A.  
Chief Financial Officer



## AUDITOR'S REPORT

To the Minister Responsible for the Yukon Development Corporation

I have audited the consolidated balance sheet of the Yukon Development Corporation as at December 31, 2004 and the consolidated statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Yukon Development Corporation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and by its wholly-owned subsidiaries and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Yukon Development Corporation Act* and regulations, and the bylaws of the Corporation and its wholly-owned subsidiaries.

Ronald C. Thompson, CA  
Assistant Auditor General  
for the Auditor General of Canada

Vancouver, Canada  
April 22, 2005

**Yukon Development Corporation**

**Consolidated Balance Sheet**

**As at December 31, (in thousands of dollars)** **2004** **2003**

**Assets**

**Current assets**

|                                        |          |          |
|----------------------------------------|----------|----------|
| Cash and cash equivalents (note 3)     | \$ 6,679 | \$ 5,402 |
| Accounts receivable (note 5)           | 4,459    | 4,180    |
| Materials and supplies                 | 2,650    | 2,575    |
| Prepaid expenses                       | 845      | 577      |
| Current portion of investment (note 6) | 373      | 504      |

|                                         |                   |                   |
|-----------------------------------------|-------------------|-------------------|
|                                         | 15,006            | 13,238            |
| Restricted cash (note 7)                | 2,690             | 2,845             |
| Trust assets (note 8)                   | 663               | 1,252             |
| Investments (note 6)                    | 3,498             | 3,905             |
| Reserve for uninsured losses (note 9)   | 797               | 679               |
| Diesel contingency fund (note 10)       | 772               | 755               |
| Property, plant and equipment (note 11) | 158,813           | 158,808           |
| Deferred charges (note 12)              | 6,837             | 6,578             |
|                                         | <b>\$ 189,076</b> | <b>\$ 188,060</b> |

**Liabilities**

**Current liabilities**

|                                             |          |          |
|---------------------------------------------|----------|----------|
| Accounts payable                            | \$ 4,201 | \$ 3,832 |
| Current portion of long-term debt (note 13) | 1,239    | 1,096    |
| Regulatory liabilities (note 14)            | 2,811    | 2,518    |

|                                                       |               |               |
|-------------------------------------------------------|---------------|---------------|
|                                                       | 8,251         | 7,446         |
| Deferred revenue (note 15)                            | 10,715        | 11,404        |
| Trust liabilities                                     | 663           | 650           |
| Contributions in aid of construction (note 16)        | 5,147         | 4,605         |
| Long-term debt (note 13)                              | 39,982        | 41,314        |
| Reserve for future removal and site restoration costs | 5,757         | 5,143         |
| Diesel contingency fund (note 10)                     | 772           | 755           |
|                                                       | <b>71,287</b> | <b>71,317</b> |

**Equity**

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Contributed capital | 41,501            | 41,501            |
| Retained earnings   | 76,288            | 75,242            |
|                     | <b>117,789</b>    | <b>116,743</b>    |
|                     | <b>\$ 189,076</b> | <b>\$ 188,060</b> |

**Contingencies and commitments (note 18)**

The accompanying notes are an integral part of the financial statements.

**Approved by the Board:**

Chair

Director

# Yukon Development Corporation

## Consolidated Statement of Operations and Retained Earnings

| For the year ended December 31, (in thousands of dollars) | 2004             | 2003             |
|-----------------------------------------------------------|------------------|------------------|
| <b>Revenue</b>                                            |                  |                  |
| Sales of Power                                            | \$ 24,566        | \$ 24,095        |
| Other income                                              | 469              | 935              |
| Finance income                                            | 457              | 495              |
| Contribution - Canada                                     | 270              | 363              |
| Contribution - Yukon                                      | 261              | 1,043            |
| Interest income                                           | 201              | 222              |
|                                                           | <b>26,224</b>    | <b>27,153</b>    |
| <b>Expenses</b>                                           |                  |                  |
| Board, corporate stewardship and administration           | 7,496            | 7,858            |
| Operations and maintenance                                | 4,642            | 5,265            |
| Energy market transformation                              | 732              | 1,301            |
| Interest on long-term debt                                | 1,857            | 1,026            |
| Energy sector development                                 | 27               | 328              |
| Corporate, environment and First Nations initiatives      | 214              | 238              |
| Amortization of property, plant and equipment             | 6,235            | 5,697            |
| Amortization of deferred charges                          | 531              | 595              |
| Provision for uninsured losses                            | 50               | 50               |
|                                                           | <b>21,784</b>    | <b>22,358</b>    |
| <b>Net income before rate stabilization</b>               | <b>4,440</b>     | <b>4,795</b>     |
| <b>Rate stabilization</b>                                 | <b>3,394</b>     | <b>1,020</b>     |
| <b>Net income</b>                                         | <b>1,046</b>     | <b>3,775</b>     |
| <b>Retained earnings, beginning of year</b>               | <b>75,242</b>    | <b>71,467</b>    |
| <b>Retained earnings, end of year</b>                     | <b>\$ 76,288</b> | <b>\$ 75,242</b> |

The accompanying notes are an integral part of the financial statements.



# Yukon Development Corporation

## Consolidated Statement of Cash Flows

| For the year ended December 31, (in thousands of dollars) | 2004            | 2003            |
|-----------------------------------------------------------|-----------------|-----------------|
| <b>Cash flows from Operating activities</b>               |                 |                 |
| Cash receipts from customers                              | \$ 24,598       | \$ 26,266       |
| Cash paid to employees and suppliers                      | (16,236)        | (18,188)        |
| Interest paid                                             | (1,857)         | (1,026)         |
| Interest received                                         | 658             | 717             |
|                                                           | <b>7,163</b>    | <b>7,769</b>    |
| <b>Financing activities</b>                               |                 |                 |
| Decrease in restricted cash                               | 155             | 895             |
| Decrease in long-term debt                                | (1,189)         | (1,081)         |
| Decrease in trust assets                                  | 589             | 5,215           |
| Increase (decrease) in trust liabilities                  | 13              | (2,338)         |
|                                                           | <b>(432)</b>    | <b>2,691</b>    |
| <b>Investing activities</b>                               |                 |                 |
| Property and equipment purchased                          | (5,698)         | (8,277)         |
| Decrease (increase) in long term investments              | 538             | (298)           |
| Increase (decrease) in reserves                           | 496             | (65)            |
| Increase in deferred charges                              | (790)           | (560)           |
|                                                           | <b>(5,454)</b>  | <b>(9,200)</b>  |
| <b>Net increase in cash</b>                               | <b>1,277</b>    | <b>1,260</b>    |
| <b>Cash and cash equivalents, beginning of year</b>       | <b>5,402</b>    | <b>4,142</b>    |
| <b>Cash and cash equivalents, end of year</b>             | <b>\$ 6,679</b> | <b>\$ 5,402</b> |

The accompanying notes are an integral part of the financial statements.

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## Yukon Development Corporation

### Notes to Consolidated Financial Statements

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December 31, 2004 (tabular amounts in thousands of dollars)

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#### 1. Authority, objectives and operations

Yukon Development Corporation (the Corporation) was originally established under the *Yukon Development Corporation Act* to participate with the private sector in the economic development of the Yukon, to make strategic investments to the benefit of the territory and to acquire and operate the assets of Northern Canada Power Commission (NCPC) in the Yukon.

In 1993, the Corporation's mandate was changed to restrict its new initiatives to energy-related activities designed to promote the economic development of the Yukon.

The Corporation's wholly-owned subsidiaries, Yukon Energy Corporation (YEC) and Energy Solutions Centre Inc.(ESC), were incorporated under the *Yukon Business Corporations Act*. Yukon Energy Corporation generates, transmits, distributes and sells electrical energy in the Yukon and is subject to overall regulation by the Yukon Utilities Board (YUB) and specific regulation by the Yukon Territory Water Board. The mandate of Energy Solutions Centre Inc. is to engage Yukoners in the challenge and potential of energy efficiency and green power as solutions to climate change by mobilizing individuals, businesses, communities and First Nations to implement projects that will reduce greenhouse gas emissions in the Yukon.

Yukon Energy Corporation and Energy Solutions Centre Inc. are exempt from the *Financial Administration Act* (Yukon).

#### Rate Regulation

The Corporation's subsidiary, Yukon Energy Corporation, is regulated by the Yukon Utilities Board pursuant to the *Public Utilities Act (Yukon)*. The regulatory hearing process begins when Yukon Energy Corporation makes a General Rate Application for its proposed electricity rate changes over the next one or two forecast years. The YUB must ensure that its decision, which fixes electricity rates, complies with all relevant legislation including the *Public Utilities Act* and directives issued by the Yukon Government through Orders-In-Council that specify how the interests of the customer and the utility are to be balanced.

The YUB typically follows a two-stage decision process. In the first stage, the total costs that the utility will incur to provide electricity to its customers over the immediate future are approved. The approval of these costs determines the total revenues the utility is allowed to collect from its customers. It is the responsibility of the YUB to examine the legitimacy of three classes of costs:

- the costs to the utility to run its operations and maintain its equipment (personnel and materials);
- the cost associated with the amortization of all capital equipment;
- the return on rate base (the costs related to borrowing that portion of rate base which is financed with debt, and the costs to provide a reasonable rate of return on that portion of rate base which is financed with equity).

As well, in the first stage, the YUB reviews the addition of costs to rate base and assesses these costs for prudence.

In the second stage, the YUB approves how the revenue will be raised. This stage essentially determines the electricity rates for the various customer classes in the Yukon: residential, government, commercial and industrial. This process is guided mainly by a cost-of-service study which allocates utility costs to the various customer classes on the basis of appropriate costing principles. The determination of rates is also affected by Orders-In-Council, which give specific government direction to the YUB.

Normally, Yukon Energy Corporation applies for rates in advance of the applicable years. The last general rate application was for the years 1996/97. Interim hearings and interim rates may be used to deal with unforeseen circumstances.

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## Yukon Development Corporation

### Notes to Consolidated Financial Statements

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December 31, 2004 (tabular amounts in thousands of dollars)

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#### 1. Authority, objectives and operations - continued

On December 13, 2004, Yukon Energy Corporation filed with the YUB, pursuant to the *Public Utilities Act* and Order-In-Council 1995/90, an application requesting an Order granting new rates for secondary (interruptible) energy and the Faro mine site, on an interim refundable basis, effective with consumption January 1, 2005; and the application proposes the creation of a new Income Stabilization Trust that would include the balances of the Diesel Contingency Fund and the Anvil Range Mine dewater revenue account. In addition, the Corporation completed a depreciation study in 2004. The results have been included in the application and include a change in depreciation methodology that would have the effect of reducing depreciation expense. The application does not request any increase in firm rates charged to residential and commercial customers in 2005. After exchange of information, a public hearing was held April 18 to 21, 2005. A final decision of the YUB is expected later in 2005.

#### Water Regulation

The Yukon Territory Water Board pursuant to the *Yukon Waters Act* decides if and for how long Yukon Energy Corporation will have a water licence for the purposes of operating hydro generation stations in the Yukon. The licences will also indicate terms and conditions for the operation of these facilities.

#### 2. Significant accounting policies

##### Financial statement presentation

The consolidated financial statements of Yukon Development Corporation have been prepared by management and conform to Canadian generally accepted accounting principles. The consolidated financial statements include the accounts of Yukon Development Corporation and its wholly-owned subsidiaries, Yukon Energy Corporation and Energy Solutions Centre Inc. The consolidated financial statements reflect Canadian generally accepted accounting principles and practices of regulatory bodies. All significant inter-company transactions and balances have been eliminated on consolidation. The regulatory accounting practices adopted by Yukon Energy Corporation may differ from the accounting practices otherwise applied in unregulated enterprises. In particular, the timing of Yukon Energy Corporation's recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that otherwise expected using generally accepted accounting principles for a non-regulated entity. A description of significant accounting policies follows.

##### Regulatory accounting

Yukon Energy Corporation applies various accounting policies that differ from Canadian generally accepted accounting principles for enterprises that do not operate in a rate-regulated environment.

The general impact of these regulatory accounting policies is to defer amounts that would otherwise be included in the determination of net income. These accounting policies result from the rate regulation of Yukon Energy Corporation and have been established through ongoing application or by approval of the YUB.

##### Diesel fuel price adjustment

With respect to the cost of diesel fuel used in generation, Yukon Energy Corporation is authorized by Order-in-Council 1995/90 to adjust its rates to reflect fluctuations in the price of diesel fuel without the requirement for specific application to and approval of the YUB. Fluctuations in diesel fuel costs from approval levels are deferred and recovered or refunded over designated future periods prescribed by the YUB through revised rates charged to customers. The balance at December 31 is disclosed as rate adjustment receivable in accounts receivable (see note 5).

##### Regulatory liabilities

Yukon Energy Corporation has recorded as a regulatory liability insurance proceeds held on behalf of ratepayers, as shown in note 14. This represents the residual balance of insurance proceeds after allocation against all

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## **Yukon Development Corporation**

### **Notes to Consolidated Financial Statements**

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**December 31, 2004** (tabular amounts in thousands of dollars)

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#### **2. Significant accounting policies - continued**

reconstruction and operation and maintenance costs related to a fire at the Whitehorse Rapids Generating Station in 1997. The Corporation is required to use the balance of the insurance proceeds to the benefit of rate payers. The allocation of this amount will be the subject of a decision of the YUB.

Yukon Energy Corporation has also recorded as a regulatory liability revenue derived from Rate Schedule 34 customers, of which the Anvil Range Mine represents the only customer in the class. As directed by the YUB in Board Order 1998-5, Yukon Energy Corporation is deferring revenues collected from this rate class less any incremental costs to provide the service until application to the benefit of ratepayers is directed by the YUB.

#### **Reserve for uninsured losses**

Yukon Energy Corporation maintains a reserve for uninsured losses. A provision to the reserve of \$50,000 is made annually as a charge to other expenses. Uninsured losses are charged directly against the reserve.

#### **Deferred charges**

Deferred charges are recorded at cost less accumulated amortization.

The costs related to water licence renewals are deferred and amortized to earnings on a straight-line basis over the term of the existing licence plus the expected term of the renewed licence. Yukon Energy Corporation operates its hydro generation facilities under three separate water licences, with terms ranging from 17 to 25 years. The costs of feasibility studies are amortized on a straight-line basis over five years. Other deferred charges are amortized to earnings on a straight-line basis over various terms approved by the YUB.

#### **Reserve for future removal and site restoration costs**

The reserve is calculated based on the estimated cost of demolishing, dismantling, tearing down, or otherwise disposing of the asset, net of expected recoveries. These estimated costs are being provided for over the estimated useful life of the asset on a straight-line basis. The rates used to calculate the annual provision are approved by the YUB and are applied to the historical cost of the underlying assets.

#### **Deferred revenue**

The deferred gain on fire insurance proceeds - capital assets represents gain resulting from insurance proceeds received in relation to the reconstruction of facilities in excess of net book value of assets destroyed by fire. The gain is being amortized to income at the same rate that the replacement assets are being amortized, as approved by the YUB Order 2000-3.

#### **Generally accepted accounting principles ("GAAP")**

The following policies adopted by the Corporation are in accordance with Canadian generally accepted accounting principles.

#### **Cash equivalents**

Cash equivalents represent short-term highly liquid investments and are carried at cost.

#### **Financial instruments**

The Corporation's consolidated financial instruments consist of cash equivalents, accounts receivable, investments, diesel contingency fund, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

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## Yukon Development Corporation

### Notes to Consolidated Financial Statements

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December 31, 2004 (tabular amounts in thousands of dollars)

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#### 2. Significant accounting policies - continued

##### Materials and supplies

Materials and supplies and diesel fuel are recorded at average cost. Obsolete materials and supplies are recorded at salvage value in the period when obsolescence is determined.

##### Property, plant and equipment

Property, plant and equipment is stated at cost which includes materials, direct labour, a proportionate share of directly attributable administration overhead, and finance charges capitalized during construction, less accumulated amortization. Amortization is based on the straight-line method over the estimated economic life of the assets as follows:

|                              |                |
|------------------------------|----------------|
| Generation                   |                |
| Hydro-electric plants        | 40 to 65 years |
| Diesel plants                | 15 to 25 years |
| Transmission                 | 25 to 40 years |
| Distribution                 | 20 to 30 years |
| Buildings                    | 20 to 30 years |
| Financial Information System | 5 to 10 years  |
| Transportation               | 8 to 14 years  |
| Other equipment              | 5 to 15 years  |

Yukon Energy Corporation capitalizes an allowance for funds used during construction (AFUDC) at the weighted average cost of capital. Upon retirement or disposal, any gain or loss is charged to income in the current year for assets depreciated on an individual basis, or charged to accumulated depreciation for assets depreciated on a pooled basis.

##### Asset retirement obligations

As of January 1, 2004, Yukon Energy Corporation retroactively adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") on accounting for asset retirement obligations. The CICA recommendations require the Corporation to identify legal obligations associated with the retirement of tangible long lived assets. Where a reasonable estimate of the fair value of these obligations can be determined, the total retirement costs are to be recorded as a liability at fair value, with a corresponding increase to property, plant and equipment.

Yukon Energy Corporation has determined that it has tangible long lived assets which have future legal obligations for retirement. As the Corporation anticipates using the assets for an indefinite period, the date of removal of these assets cannot be reasonably determined, and therefore an asset retirement obligation has not been recorded. When the timing and amount of the retirement can be reasonably estimated, an asset retirement obligation and offsetting capital asset will be recognized.

##### Investments

Investments classified as current assets are carried at the lower of cost and market value. Other investments are carried at cost less a write-down, if necessary, for any impairment in value which is other than temporary.

##### Contributions in aid of construction

Certain property, plant and equipment additions are made with the assistance of cash contributions from customers. These contributions are amortized to income on the same basis as the assets to which they relate. Amortization of contributions from customers is netted on the statement of income against amortization expense.



## Yukon Development Corporation

### Notes to Consolidated Financial Statements

December 31, 2004 (tabular amounts in thousands of dollars)

#### 2. Significant accounting policies - continued

##### Revenue recognition

Revenue from the sale of power is recognized based on cyclical meter readings. Sales of power includes an accrual for electricity deliveries not yet billed.

##### Employee pension plan

Yukon Energy Corporation has a defined benefit pension plan which provides for pensions based on length of service and final average earnings. The cost of pension benefits is determined using the projected benefits method, prorated on service, and reflects management's best estimates of investment returns, wage and salary increases, and age at retirement. Adjustments resulting from the plan enhancements, experience gains and losses, and changes in assumptions are amortized over the estimated average remaining service life of employees. Pension costs include the current cost of service and amortization of past service benefits and plan enhancements, and experience gains and losses. Amortization is on a straight-line basis over the expected average remaining service life of pension plan members, which is currently 14 years.

##### Contribution - Canada

Contributions are received from the Government of Canada as part of a contribution agreement between the Corporation and Natural Resources Canada. The purpose of the program is to stimulate energy efficiency and renewable energy technologies. The program is delivered by the subsidiary, Energy Solutions Centre Inc. and revenue is recognized on an accrual basis, when services are performed.

##### Contribution - Yukon

Contributions were received in 1999 as part of the Yukon Government's commitment to sustainable energy development. These contributions are recognized as income when the eligible expenses are incurred.

##### Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This mainly affects revenue, accounts receivable, property, plant and equipment, the reserve for future removal and site restoration and other long-term receivables. Actual results could differ by a significant amount from these estimates.

Management's estimates and assumptions, especially those affecting the reported amounts of assets, and Yukon Energy Corporation's ability to recover the cost of these assets through future rates, are subject to decisions of the YUB.

#### 3. Cash and cash equivalents

|                        | 2004            | 2003            |
|------------------------|-----------------|-----------------|
| Bank balance           | \$ 1,719        | \$ 1,002        |
| Short-term investments | 4,961           | 4,400           |
| Bank indebtedness      | (1)             | -               |
|                        | <b>\$ 6,679</b> | <b>\$ 5,402</b> |

Short-term investments are monies invested in a pooled money market fund. The short-term securities held in the

## Yukon Development Corporation

### Notes to Consolidated Financial Statements

December 31, 2004 (tabular amounts in thousands of dollars)

#### 3. Cash and cash equivalents - continued

fund have an average maturity less than 90 days. Earnings are distributed monthly on a pro-rata share of the total fund. Annual return on investment for 2004 was 2.65% (2003 - 2.83%).

Yukon Energy Corporation also has a demand line of credit facility with its banker that allows the Corporation to borrow up to \$10,000,000 at bank prime. The overdraft facility is guaranteed by the Yukon Government. At year end the Yukon Energy Corporation borrowed nil (2003 - nil) on the credit facility.

#### 4. Funds held in trust

Funds held in trust represented holdbacks from payments made to the general contractor on the Mayo-Dawson City transmission line project. These were held by Yukon Energy Corporation pending satisfactory completion of the project, at which time the monies were released. An offsetting liability was recorded in accounts payable and was equal to the holdbacks held.

On January 16, 2004 Yukon Energy Corporation signed an agreement with the contractor. One of the provisions of this agreement released the contractor from certain contract requirements related to deficiencies and warranties. In return, the contractor agreed to release claim on \$200,000 of the holdback outstanding.

#### 5. Accounts receivable

|                            | 2004            | 2003            |
|----------------------------|-----------------|-----------------|
| Retail energy sales        | \$ 800          | \$ 790          |
| Wholesale energy sales     | 2,365           | 2,283           |
| Other                      | 1,281           | 991             |
| Rate adjustment receivable | 13              | 116             |
|                            | <b>\$ 4,459</b> | <b>\$ 4,180</b> |

Yukon Energy Corporation's wholesale energy sales are made to Yukon Electrical Company Limited, an unrelated company also regulated by the YUB. Wholesale power sales in 2004 were approximately \$16,493,000 (2003- \$16,017,000).

#### 6. Investments

The Corporation's investments are summarized as follows:

|                                                     | 2004            | 2003            |
|-----------------------------------------------------|-----------------|-----------------|
| Direct financing leases                             | \$ 3,863        | \$ 4,391        |
| Leases receivable, net of deferred financing income | 8               | 18              |
|                                                     | <b>3,871</b>    | <b>4,409</b>    |
| Less: current portion                               | 373             | 504             |
|                                                     | <b>\$ 3,498</b> | <b>\$ 3,905</b> |

In 1990, the Corporation acquired the building known as Old Yukon College from the Yukon Government for a

## Yukon Development Corporation

### Notes to Consolidated Financial Statements

December 31, 2004 (tabular amounts in thousands of dollars)

#### 6. Investments - continued

nominal fee. The building was renovated and is being leased back to the Government for a period of 20 years. At the end of the lease term (in 2011) the Government may purchase the building from the Corporation for a nominal fee. Interest from the lease is recognized as finance income. The investment was \$3,467,633 in 2004 (2003 - \$3,794,082).

#### 7. Restricted cash

Cash is restricted by Government of the Yukon for the purposes of Green Power and Energy Efficiency projects.

#### 8. Trust assets

|                                  | 2004          | 2003            |
|----------------------------------|---------------|-----------------|
| Construction contract holdbacks  | \$ -          | \$ 602          |
| Energy infrastructure investment | 663           | 650             |
|                                  | <b>\$ 663</b> | <b>\$ 1,252</b> |

Construction contract holdbacks represented holdbacks from payments made to the general contractor on the Mayo to Dawson Transmission Line Project. These were held by Yukon Energy Corporation pending satisfactory completion of the project, at which time the monies were released. An offsetting liability was recorded in accounts payable and was equal to the holdbacks held.

Energy infrastructure investment represents monies held by Yukon Development Corporation on behalf of a Yukon First Nation for investment in energy infrastructure. The ultimate use of these funds is subject to the finalization of necessary investment agreements. An equal offsetting liability is recorded in trust liabilities.

#### 9. Reserve for uninsured losses

|                            | 2004          | 2003          |
|----------------------------|---------------|---------------|
| Balance, beginning of year | \$ 679        | \$ 346        |
| Provision                  | (50)          | (50)          |
| Losses incurred            |               |               |
| Asset replacement          | 168           | 383           |
| Balance, end of year       | <b>\$ 797</b> | <b>\$ 679</b> |

The balance in the reserve represents the amount by which accumulated losses have exceeded the provision to date. Yukon Energy Corporation has applied to the YUB, as part of the application described in note 1, to use the insurance proceeds held on behalf of ratepayers (see note 14) to recover this balance. As well, Yukon Energy Corporation has applied, as part of the application described in note 1, to increase the annual provision.



# Yukon Development Corporation

## Notes to Consolidated Financial Statements

December 31, 2004 (tabular amounts in thousands of dollars)

### 10. Diesel contingency fund

|                            | 2004 |     | 2003 |     |
|----------------------------|------|-----|------|-----|
| Balance, beginning of year | \$   | 755 | \$   | 734 |
| Interest                   |      | 17  |      | 21  |
| Balance, end of year       | \$   | 772 | \$   | 755 |

The Yukon Utilities Board established the Diesel Contingency Fund with Board Order 1996-6. The Fund is administered by Yukon Energy Corporation on behalf of the Yukon Utilities Board, and as such is recorded as a trust asset and a trust liability.

Yukon Energy Corporation has applied to the YUB, as described in note 1, to transfer the balance in this fund to a trust.

### 11. Property, plant and equipment

|                                  | Cost       | Accumulated<br>Amortization | 2004<br>Net book<br>Value | 2003<br>Net book<br>Value |
|----------------------------------|------------|-----------------------------|---------------------------|---------------------------|
| Hydro-electric and diesel plants | \$ 134,454 | \$ 40,699                   | \$ 93,755                 | \$ 94,344                 |
| Transmission                     | 52,108     | 9,115                       | 42,993                    | 43,489                    |
| Distribution                     | 13,567     | 4,606                       | 8,961                     | 7,742                     |
| Buildings and other equipment    | 15,374     | 6,015                       | 9,359                     | 9,041                     |
| Financial information system     | 1,308      | 942                         | 366                       | 560                       |
| Transportation                   | 1,374      | 444                         | 930                       | 1,024                     |
| Land and land rights             | 1,079      | -                           | 1,079                     | 1,066                     |
| Construction-in-progress         | 1,370      | -                           | 1,370                     | 1,542                     |
|                                  | \$ 220,634 | \$ 61,821                   | \$ 158,813                | \$ 158,808                |

Property, plant and equipment classified as Transmission include a transmission line from the Mayo Hydro Generating Station to Dawson City. This line was constructed to replace diesel generation in Dawson City with hydro-generated power. The project economics are forecasted to be less than the present value of the future costs of operating a diesel plant. The line came into service on September 6, 2003.

Total costs incurred to December 31, 2004 are \$34.7 million (the Corporation contributed capital assistance to its subsidiary YEC of \$5.8 million). Additional costs will be incurred in the future to correct the deficiencies with the line. As described in note 18, there are outstanding claims arising out of the project. All costs and recoveries resulting from the claims process will be capitalized, subject to approval of the rate regulator.

As part of the application described in note 1, the YUB will review the prudence of all capital works brought into service since the last general rate application in 1996/97.

# Yukon Development Corporation

## Notes to Consolidated Financial Statements

December 31, 2004 (tabular amounts in thousands of dollars)

### 12. Deferred Charges

|                           | Cost            | Accumulated<br>Amortization | 2004<br>Net book<br>Value | 2003<br>Net book<br>Value |
|---------------------------|-----------------|-----------------------------|---------------------------|---------------------------|
| Dam safety review         | \$ 135          | \$ 109                      | \$ 26                     | \$ 53                     |
| Deferred downsizing costs | 334             | 167                         | 167                       | 214                       |
| Feasibility studies       | 1,142           | 276                         | 866                       | 631                       |
| Regulatory expenses       | 325             | -                           | 325                       | 121                       |
| Relicensing               | 7,262           | 1,809                       | 5,453                     | 5,559                     |
|                           | <b>\$ 9,198</b> | <b>\$ 2,361</b>             | <b>\$ 6,837</b>           | <b>\$ 6,578</b>           |

Deferred charges have been deferred and amortized in accordance with decisions of the YUB.

### 13. Long-term debt

The Corporation's long-term debt is summarized as follows:

|                                                                                                                                                                                                              | 2004             | 2003             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Government of Canada</b>                                                                                                                                                                                  |                  |                  |
| \$40,000,000 flexible term note bearing interest at 7% repayable in annual instalments of up to \$1,000,000 principal, plus accrued interest                                                                 | \$ 28,278        | \$ 28,688        |
| <b>Great West Life</b>                                                                                                                                                                                       |                  |                  |
| \$5,750,000 mortgage bearing interest at 11.5%, repayable in monthly instalments of \$60,000 interest and principal with the final payment due July 2011                                                     | 3,494            | 3,806            |
| <b>TD Canada Trust</b>                                                                                                                                                                                       |                  |                  |
| \$12,400,000 term note bearing interest at 7.81% payable in monthly instalments of \$102,000 interest and principal, with the balance due September 30, 2011. The note is guaranteed by the Yukon Government | 9,449            | 9,916            |
|                                                                                                                                                                                                              | <b>41,221</b>    | <b>42,410</b>    |
| Less current portion                                                                                                                                                                                         | 1,239            | 1,096            |
|                                                                                                                                                                                                              | <b>\$ 39,982</b> | <b>\$ 41,314</b> |

#### Government of Canada note

The proceeds of the Government of Canada flexible term note were part of the consideration used in 1987 to acquire assets of Northern Canada Power Commission. The note is collateralized by a mortgage against the Whitehorse Generating Station assets.

## Yukon Development Corporation

### Notes to Consolidated Financial Statements

December 31, 2004 (tabular amounts in thousands of dollars)

#### 13. Long-term debt - continued

The terms of the flexible term note provide for payments of principal and interest to be deferred and abated, respectively, if power sales on the Whitehorse-Aishihik-Faro electrical power distribution system are less than specified amounts. After adjusting for abated interest, the effective interest rate on this instrument for 2004 is 2.86% (2003 - 2.50%). For further discussion regarding this instrument, see note 18(b).

##### Mortgage payable

The mortgage is secured by land and buildings described in note 11.

##### Long-term debt repayment

Scheduled repayments for all long-term debt are as follows:

|            |    |        |
|------------|----|--------|
| 2005       | \$ | 1,237  |
| 2006       |    | 1,344  |
| 2007       |    | 1,446  |
| 2008       |    | 1,554  |
| 2009       |    | 1,677  |
| Thereafter |    | 33,963 |

**\$ 41,221**

##### Fair value

Fair value of \$50,132,000 (2003 - \$49,166,000) for all long-term debt was estimated using discounted cash flows based on an estimate of the Corporation's current borrowing rate for similar borrowing arrangements.

#### 14. Regulatory liabilities

|                                                 | 2004            | 2003            |
|-------------------------------------------------|-----------------|-----------------|
| Insurance proceeds held on behalf of ratepayers | \$ 744          | \$ 744          |
| Anvil Range Mine dewater revenue                | 2,067           | 1,774           |
|                                                 | <b>\$ 2,811</b> | <b>\$ 2,518</b> |

Yukon Energy Corporation has applied to the YUB, as described in note 1, to use the insurance proceeds held on behalf of ratepayers to offset accumulated losses in the reserve for uninsured losses (see note 9).

The Yukon Energy Corporation has applied to the YUB, as described in note 1, to transfer the balance in this fund to an Income Stabilization Trust in 2005. Future revenues from this rate class are to be recorded as revenue in the period earned.

# Yukon Development Corporation

## Notes to Consolidated Financial Statements

December 31, 2004 (tabular amounts in thousands of dollars)

### 15. Deferred revenue

|                                                                                                                                | 2004             | 2003             |
|--------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Deferred gain on fire insurance proceeds - capital assets<br>(net of amortization and adjustments of \$3,168 (2003 - \$2,609)) | \$ 8,025         | \$ 8,558         |
| Sustainable energy development funds                                                                                           | 2,690            | 2,845            |
| Deferred lease revenue                                                                                                         | -                | 1                |
|                                                                                                                                | <b>\$ 10,715</b> | <b>\$ 11,404</b> |

In 1999 the Yukon Government provided \$6,000,000 towards sustainable energy in the Yukon. Two 10 year programs were established totaling \$4,000,000 for green power and energy conservation and efficiency initiatives. \$2,000,000 was provided for a wind turbine that was built in 2000. Interest earned on these funds is recorded as deferred revenue.

### 16. Contributions in aid of construction

|                                            | Cost            | Accumulated<br>Amortization | 2004<br>Net book<br>Value | 2003<br>Net book<br>Value |
|--------------------------------------------|-----------------|-----------------------------|---------------------------|---------------------------|
| Contributions from customers<br>since 1998 | \$ 2,777        | \$ 173                      | \$ 2,604                  | \$ 1,642                  |
| Pre - 1998 contributions                   | 1,739           | 813                         | 926                       | 1,231                     |
| Government of Yukon contributions          | 2,080           | 463                         | 1,617                     | 1,732                     |
|                                            | <b>\$ 6,596</b> | <b>\$ 1,449</b>             | <b>\$ 5,147</b>           | <b>\$ 4,605</b>           |

The sources of contributions received prior to 1998 were not recorded separately.

### 17. Pension costs and obligations

An actuarial valuation for funding purposes was performed as of January 1, 2004 by the consulting actuarial firm AON Consulting Inc. The next valuation for funding purposes will be conducted as of January 1, 2007.

The pension costs and obligations were based on the data used in the January 1, 2004 funding valuation and have been projected to December 31, 2004 in accordance with generally accepted actuarial standards.

The fair value of the plan assets is based on market values as reported by Royal Trust as at December 31, 2004. The plan assets are invested as follows: equity investments (60.5%; 2003 - 63.9%), bonds (30.1%; 2003 - 30.6%) and cash and short term instruments (9.4%; 2003 - 5.5%).

The following table sets out the assumptions and pension amounts as at December 31, 2004. The Corporation's employees had the option to belong to the Corporation's defined benefit pension plan or a Registered Retirement Savings Plan (RRSP). Employees joining the Corporation after January 1, 2002 can only join the RRSP. As at December 31, 2004, the Corporation's defined pension plan had 41 members (2003 - 42), and the RRSP had 34

## Yukon Development Corporation

### Notes to Consolidated Financial Statements

December 31, 2004 (tabular amounts in thousands of dollars)

#### 17. Pension costs and obligations - continued

members (2003 - 28).

Pension benefits are based on:

- years of pensionable service,
- the average annual earnings during any 5 consecutive years of pensionable service where earnings are the highest, and
- the average of the years maximum pensionable earnings (Canada Pension Plan) for the same 5-year period

Annual cost of living increases to a maximum of 3.00% are provided to pensioners. The Corporation contributes amounts as recommended by an independent actuary.

Employees make contributions to the plan as follows:

- 3.5% of earnings up to the year's maximum pensionable earnings
- 5.0% of earnings in excess of year's maximum pensionable earnings to a maximum of \$2,500 per year.

Information about the Corporation's defined benefit plan as at December 31, in aggregate, is as follows:

|                                                      | 2004     | 2003       |
|------------------------------------------------------|----------|------------|
| Discount rate                                        | 6.00%    | 6.50%      |
| Expected long-term rate of return on plan assets     | 6.50%    | 7.00%      |
| Assumed rate of salary escalation                    | 3.00%    | 3.75%      |
| Assumed rate of pension indexing                     | 2.50%    | 3.00%      |
| Expected average remaining service life of employees | 14 years | 16 years   |
| Benefit obligation determined by actuarial valuation | \$ 6,282 | \$ 6,241   |
| Fair value of plan assets                            | 5,371    | 4,827      |
| Plan deficit                                         | \$ (911) | \$ (1,414) |
| Unrecognized amount                                  |          |            |
| - transitional (asset) obligation                    | (220)    | (237)      |
| - net actuarial losses (gains)                       | 741      | 1,227      |
| Accrued benefit liability                            | \$ (390) | \$ (424)   |
| Pension expense                                      | \$ 286   | \$ 438     |
| Employer contributions                               | \$ 320   | \$ 237     |
| Employee contributions                               | \$ 132   | \$ 83      |
| Benefits paid                                        | \$ 299   | \$ 43      |

The accrued benefit liability has been recorded on the Corporation's books of account and is included in accounts payable on the balance sheet. Yukon Energy Corporation's RRSP plan is a defined contribution pension plan. Employer contributions to the plan during 2004 were \$272,000 (2003 - \$203,000).

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## Yukon Development Corporation

### Notes to Consolidated Financial Statements

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December 31, 2004 (tabular amounts in thousands of dollars)

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#### 18. Commitments and contingencies

##### (a) Mayo to Dawson City transmission line project

As discussed in note 11, Yukon Energy Corporation completed the construction of the Mayo to Dawson City transmission line project during 2003. Subsequent to energization of the line, Yukon Energy Corporation and the general contractor notified each other that they have numerous claims arising out of the agreement and the construction of the line. These claims total several million dollars on a net basis. To date, no legal action has commenced.

In April 2005, the contractor provided the Corporation with some additional information. Management is now reviewing this information and anticipates further documentation will be required before claims can be fully assessed. Once the documentation stage is complete, the parties will meet to select an appropriate legal process to resolve the outstanding issues. To date, Yukon Energy Corporation has not received sufficient information to assess the Corporation's exposure.

##### (b) Federal Transfer Agreement

Most of the assets of Yukon Energy Corporation were purchased under a March 31, 1987 Agreement of Purchase and Sale between the Government of Canada ("Canada"), Yukon Energy Corporation, the Government of Yukon ("YTG") and Northern Canada Power Commission ("NCPC") (the "Transfer Agreement"). There are a number of claims that the Corporation has against Canada under the Transfer Agreement. Canada has made a demand on Yukon Energy Corporation under the Transfer Agreement more specifically in relation to amounts it alleges are owing to it under the flexible term note described in note 13. The various claims are described below:

#### I. Canada's claims against Yukon Energy Corporation

##### (i) Claim on the Flexible Term Note

On March 5, 2004 Canada made a demand on Yukon Energy Corporation for an amount it alleges the Corporation owes pursuant to the flexible term note referred to in note 13. The flexible term note provides for payments of principal and interest to be deferred and abated if particular power sales are less than specified amounts set out in the flexible term note. Since 1998, Yukon Energy Corporation has paid the Government of Canada pursuant to the formula under the Agreement without including secondary sales (a program of sales at reduced rates on an interruptible basis). Pursuant to its demand letter, Canada has taken the position that secondary sales should be included in the calculation. Yukon Energy Corporation has informed Canada that it disputes Canada's claim. Canada's claim is for principal of \$252,000, interest of \$511,000 and penalty interest at December 31, 2003. Refer to note 20 regarding the resolution of this claim subsequent to December 31, 2004.

#### II. Yukon Energy Corporation claims against Canada

##### (i) Claim against Canada arising from requirement to obtain a fish authorization in relation to the Aishihik Facility

In January 2004, Yukon Energy Corporation filed a Writ of Summons against Canada for damages caused by a breach of the Transfer Agreement arising from Canada's notification of the Corporation in May, 1999 that the Aishihik Facility required an authorization under the Fisheries Act. Yukon Energy Corporation alleges the requirement for a fish authorization was contrary to Canada's representations and warranties under the Transfer Agreement. More particularly it alleges it reasonably relied on warranties and representations given by Canada under the Transfer Agreement to the effect that Yukon Energy Corporation had all authorizations necessary for the generation of electricity from the Aishihik Facility. As a result, the Corporation incurred significant costs and expenses in negotiating and obtaining a Fisheries Act authorization for the Aishihik Facility and further, its ability to use the Aishihik Facility has been restricted by the terms of the authorization.



## Yukon Development Corporation

### Notes to Consolidated Financial Statements

December 31, 2004 (tabular amounts in thousands of dollars)

#### 18. Commitments and contingencies - continued

##### (ii) Soil contamination at the Whitehorse Facility

Yukon Energy Corporation has notified Canada of a claim it has for indemnification for expenditures it incurred on site restoration at the Whitehorse Rapids Dam site for hydrocarbon contamination caused by a diesel fuel spill which occurred when Canada owned the facility. This contamination was discovered in 1999 and was remediated in 2000. In addition, further testing in 2004 revealed one additional area of contamination caused during Canada's ownership of the site. The Corporation's claim for indemnification arises under the Transfer Agreement.

Yukon Energy Corporation has had numerous discussions with representatives of the Government of Canada in an effort to establish a process to resolve all of the outstanding claims under the Transfer Agreement. These discussions are at preliminary stage. The outcome and potential resolution of the various claims outlined above are not known at this time.

##### (c) Rate Stabilization Fund

On October 17, 2001, the Yukon Government announced the continuation of the Rate Stabilization Fund until 2005 with the Yukon Development Corporation required by OIC 2001/147 to contribute up to \$7,800,000 of internally generated funds before April 1, 2005. At December 31, 2004, Yukon Development Corporation had contributed \$4,856,121.

##### (d) Deferred charges

The Yukon Territory Water Board issued a water use licence in 2002, valid until December 31, 2019, for Yukon Energy Corporation's Aishihik Lake facility. In addition to maintaining a minimum and maximum water level, this licence commits the Corporation to meet a number of future requirements including:

- annual payments of \$25,000 until 2011 for the purpose of construction and maintenance of a Heritage camp and delivery of programs at the camp;
- a Heritage Mitigation Plan, the cost of which has not yet been determined; and
- annual fish monitoring programs

Fish monitoring programs are also required under an authorization provided by Canada Department of Fisheries and Oceans valid until December 31, 2019. The costs of meeting these requirements are accounted for as relicensing costs in the year they are paid.

#### 19. Environmental liabilities

Yukon Energy Corporation's activities are subject to various federal and territorial laws and regulations governing the protection of the environment or to minimize any adverse impact thereon. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. Liabilities will be recorded when the occurrence of an environmental expenditure, related to present or past activities of the Corporation, is considered probable and the costs can be reasonably estimated. To date, no such specific liabilities have been recorded in the Corporation's accounts.

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## **Yukon Development Corporation**

### **Notes to Consolidated Financial Statements**

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**December 31, 2004** (tabular amounts in thousands of dollars)

---

#### **20. Subsequent event**

On March 30, 2005 the Government of Canada flexible term note was purchased by Yukon Development Corporation. The face value of the debt (\$28.3 million at December 31, 2004) owing by Yukon Energy Corporation and the terms and conditions of the note have not changed as a result of this transaction.

As described in note 18, Canada had made a demand for principal and interest alleged to have been improperly calculated on the flexible term note. As a result of the purchase of the instrument, this claim has been rescinded.

#### **21. Comparative figures**

Certain 2003 figures, which are presented for comparative purposes, have been reclassified to conform with the current year's presentation.

#### **22. Non-consolidated financial information**

The nature and size of operations of the Corporation and its subsidiaries, Yukon Energy Corporation and Energy Solutions Centre Inc., differ substantially. Audited financial statements of Yukon Energy Corporation and Energy Solutions Centre Inc. for the year ended December 31, 2004 are also prepared and included in Yukon Development Corporation's annual report.



YUKON LIQUOR CORPORATION

FINANCIAL STATEMENTS

March 31, 2005

(audited)

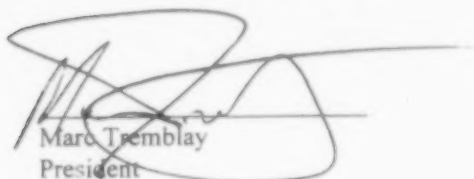
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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

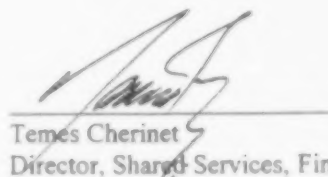
The management of the Yukon Liquor Corporation is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The financial statements as at March 31, 2005, which include amounts based on management's best estimates as determined through experience and judgement, are prepared in accordance with Canadian generally accepted accounting principles.

These financial statements have been independently audited by the Corporation's external auditor, the Auditor General of Canada, and her report is included in this report.



Marc Tremblay  
President



Temes Cherinet  
Director, Shared Services, Finance, Systems & Admin

June 2, 2005



## AUDITOR'S REPORT

To the Executive Council Member responsible for the  
Yukon Liquor Corporation

I have audited the balance sheet of the Yukon Liquor Corporation as at March 31, 2005 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Liquor Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith, and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Liquor Act* and regulations, the *Liquor Tax Act*, the *Financial Administration Act* and regulations and the by-laws of the Corporation.

Roger Simpson, CA  
Principal  
for the Auditor General of Canada

Vancouver, Canada  
June 2, 2005

YUKON LIQUOR CORPORATION  
BALANCE SHEET  
as at March 31

ASSETS

|                                                                 | <u>2005</u>     | <u>2004</u>     |
|-----------------------------------------------------------------|-----------------|-----------------|
|                                                                 | (in thousands)  |                 |
| Current                                                         |                 |                 |
| Cash                                                            | \$ 750          | \$ 1 361        |
| Accounts receivable (Note 3)                                    | 37              | 56              |
| Remitted in advance to the Government<br>of the Yukon (Note 7a) | 1 115           | 148             |
| Inventories                                                     | 1 687           | 1 997           |
|                                                                 | <u>3 589</u>    | <u>3 562</u>    |
| Property, plant and equipment (Note 4 and Note 6)               | <u>2 364</u>    | <u>2 613</u>    |
|                                                                 | <u>\$ 5 953</u> | <u>\$ 6 175</u> |

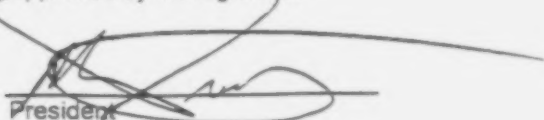
LIABILITIES & EQUITY

|                                                   |                 |                 |
|---------------------------------------------------|-----------------|-----------------|
| Current                                           |                 |                 |
| Accounts payable and accrued liabilities (Note 3) | \$ 1 282        | \$ 1 733        |
| Due to the Government of the Yukon (Note 5)       | 1 649           | 1 179           |
| Deferred revenue                                  | 91              | 97              |
|                                                   | <u>3 022</u>    | <u>3 009</u>    |
| Non-pension benefit liability (Note 8)            | <u>567</u>      | <u>553</u>      |
|                                                   | <u>3 589</u>    | <u>3 562</u>    |
| Equity (Note 4 and Note 6)                        | <u>2 364</u>    | <u>2 613</u>    |
|                                                   | <u>\$ 5 953</u> | <u>\$ 6 175</u> |

Commitments (Note 9)

The accompanying notes are an integral part of the financial statements.

Approved by Management:

  
President

  
Director, Shared Services, Finance, Systems & Admin

YUKON LIQUOR CORPORATION  
STATEMENT OF INCOME  
for the year ended March 31

|                                 | <u>2005</u>            | <u>2004</u>            |
|---------------------------------|------------------------|------------------------|
|                                 | (in thousands)         |                        |
| Sales                           |                        |                        |
| Beer                            | \$ 12 073              | \$ 11 422              |
| Spirits                         | 6 723                  | 6 573                  |
| Wine                            | 3 419                  | 3 207                  |
|                                 | <u>22 215</u>          | <u>21 202</u>          |
| Cost of goods sold              | <u>10 865</u>          | <u>10 163</u>          |
| Gross profit                    | <u>11 350</u>          | <u>11 039</u>          |
| Expenses                        |                        |                        |
| Salaries and benefits           | 3 956                  | 3 647                  |
| Rent, utilities and maintenance | 781                    | 786                    |
| Amortization                    | 327                    | 436                    |
| Cartage                         | 263                    | 265                    |
| Professional services           | 235                    | 130                    |
| Bank expenses                   | 219                    | 202                    |
| Travel and communications       | 157                    | 135                    |
| General and office supplies     | 148                    | 109                    |
| Miscellaneous                   | 31                     | 29                     |
| Board expenses                  | 31                     | 19                     |
|                                 | <u>6 148</u>           | <u>5 758</u>           |
| Operating income                | <u>5 202</u>           | <u>5 281</u>           |
| Other income                    |                        |                        |
| Fees, permits and licences      | 119                    | 113                    |
| Miscellaneous                   | 21                     | (23)                   |
|                                 | <u>140</u>             | <u>90</u>              |
| Net Income                      | <u><u>\$ 5 342</u></u> | <u><u>\$ 5 371</u></u> |

The accompanying notes are an integral part of the financial statements.

YUKON LIQUOR CORPORATION  
STATEMENT OF CASH FLOWS  
for the year ended March 31

|                                                                 | <u>2005</u>    | <u>2004</u>     |
|-----------------------------------------------------------------|----------------|-----------------|
|                                                                 | (in thousands) |                 |
| Cash provided by (used in):                                     |                |                 |
| Operating activities                                            |                |                 |
| Net income for the year                                         | \$ 5 342       | \$ 5 371        |
| Adjustment for non-cash items:                                  |                |                 |
| Amortization of property, plant and equipment                   | 327            | 436             |
| Decrease (increase) in accounts receivable                      | 19             | (7)             |
| Decrease (increase) in inventories                              | 310            | (110)           |
| Increase in due to the Government of the Yukon                  | 470            | 425             |
| (Decrease) increase in accounts payable and accrued liabilities | (451)          | 226             |
| (Decrease) increase in deferred revenue                         | (6)            | 8               |
| Increase (decrease) in non-pension benefit liability            | 14             | (245)           |
|                                                                 | <u>6 025</u>   | <u>6 104</u>    |
| Investing activities:                                           |                |                 |
| Acquisition of property, plant and equipment                    | <u>(78)</u>    | <u>(91)</u>     |
| Financing activities:                                           |                |                 |
| Remittance of income to the Government of the Yukon             | <u>(6 558)</u> | <u>(5 975)</u>  |
| (Decrease) increase in cash during the year                     | (611)          | 38              |
| Cash at the beginning of the year                               | <u>1 361</u>   | <u>1 323</u>    |
| Cash at the end of the year                                     | <u>\$ 750</u>  | <u>\$ 1 361</u> |

The accompanying notes are an integral part of the financial statements.

# YUKON LIQUOR CORPORATION

## Notes to the Financial Statements

March 31, 2005

### 1. Authority and Operations

The Corporation, established in 1977, under the *Liquor Act*, is responsible for the purchase, distribution and sale of liquor within the Territory. It is responsible for controlling the sale of liquor through licensed outlets and enforcing all matters related to the *Act*.

In accordance with the *Liquor Act*, the net income for the year, before amortization, less amounts expended on property, plant and equipment, is remitted to the Government of the Yukon on a monthly basis.

The Corporation is required by the *Liquor Tax Act* to collect liquor taxes on behalf of the Government of the Yukon and to remit these taxes on a monthly basis. The current rate is 12%, and is applied on the amount the Corporation would otherwise charge for its products.

In accordance with the provisions of the *Beverage Container Regulations* under the *Environment Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Recycling Fund on a monthly basis after deducting deposit refunds paid and fees earned under the program.

The employees of the Corporation are paid by the Government of the Yukon. The Corporation reimburses the Government on a monthly basis for salaries and benefits expenses paid.

### 2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

#### **Inventories**

Inventories are comprised of alcoholic beverages for resale and are valued at the lower of landed cost at Whitehorse, or market.

#### **Amortization**

Amortization of property, plant and equipment owned by the Corporation is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

|                                |                                    |
|--------------------------------|------------------------------------|
| Buildings                      | 20 years                           |
| Furniture and office equipment | 5 years                            |
| Equipment                      | 5 years                            |
| Systems equipment and software | 5 years                            |
| Leasehold improvements         | 4 years or remaining term of lease |

#### **Employee future benefits**

##### **Non-pension benefits**

Under the conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation was determined on an actuarial basis. The key assumptions used were a liability discount rate of 6% and an annual rate of general salary escalation of 2.5%. The obligation for vacation leave, sick leave, and severance benefits were calculated using the projected benefit method pro-rated on service. The remainder was calculated assuming all employees would receive the benefits on valuation date.

##### **Pension benefits**

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations



# YUKON LIQUOR CORPORATION

## Notes to the Financial Statements

March 31, 2005

### 2. Accounting Policies (continued)

of the Corporation and are expensed during the year in which the services are rendered. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

#### **Services provided without charge**

The Corporation does not record the value of services it receives or provides without charge. These services include the following:

- services, primarily accommodation, provided by the Government of the Yukon;
- services provided by the Corporation to the Government in its capacity of Territorial Agent in localities outside of Whitehorse; and
- annual audit provided by the Office of the Auditor General of Canada.

#### **Use of estimates**

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. This mainly affects the non-pension benefit liability. Actual results could differ materially from these estimates.

### 3. Fair Values of Financial Instruments

Accounts receivable, accounts payable and accrued liabilities, and the amount due to the Government of the Yukon are incurred in the normal course of business. All are due on demand and are non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity.

### 4. Property, Plant and Equipment

Property, plant and equipment purchased by the Corporation after March 31, 1990 are as follows:

|                                | 2005            |                             | 2004              |
|--------------------------------|-----------------|-----------------------------|-------------------|
|                                | Cost            | Accumulated<br>Amortization | Net book<br>Value |
|                                |                 | (in thousands)              | Net book<br>Value |
| Land                           | \$ 268          | \$ -                        | \$ 268            |
| Buildings                      | 4,769           | 2,969                       | 2,006             |
| Furniture and office equipment | 92              | 71                          | 27                |
| Equipment                      | 404             | 360                         | 53                |
| Systems equipment and software | 645             | 591                         | 24                |
| Leasehold improvements         | 395             | 218                         | 235               |
|                                | <u>\$ 6,573</u> | <u>\$ 4,209</u>             | <u>\$ 2,364</u>   |
|                                |                 |                             | <u>\$ 2,613</u>   |

# YUKON LIQUOR CORPORATION

## Notes to the Financial Statements

March 31, 2005

### 5. Due to the Government of the Yukon

|                                                                                                                        | 2005            | 2004            |
|------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                                                        | (in thousands)  |                 |
| Reimbursements due for salaries to employees, shared services costs, and other costs paid on behalf of the Corporation | \$ 1,506        | \$ 889          |
| Liquor tax (Note 7b)                                                                                                   | 190             | 180             |
| Net remittances due (remitted in advance) to the Recycling Fund                                                        | (47)            | 110             |
| Net due at the end of the year                                                                                         | <u>\$ 1,649</u> | <u>\$ 1,179</u> |

### 6. Equity

This amount represents the sum of the net book value of property, plant and equipment purchased by the Corporation after March 31, 1990, \$2,364,000 (2004 - \$2,613,000) which the Government of the Yukon has provided to the Yukon Liquor Corporation on a cumulative basis.

### 7. Related party transactions

#### a) Adjusted Net Income

Calculation of adjusted net income due to the Government of the Yukon for the year (Note 1):

|                                                                | 2005              | 2004            |
|----------------------------------------------------------------|-------------------|-----------------|
|                                                                | (in thousands)    |                 |
| Balance due (remitted in advance) at the beginning of the year | \$ (148)          | \$ 111          |
| Net income                                                     | 5,342             | 5,371           |
| Capital expenditures                                           | (78)              | (91)            |
| Property, plant and equipment amortization                     | 327               | 436             |
| Adjusted net income due to the Government of the Yukon         | <u>5,591</u>      | <u>5,716</u>    |
| Less: remitted during the year                                 | <u>(6,558)</u>    | <u>(5,975)</u>  |
| Balance due (remitted in advance) at the end of the year       | <u>\$ (1,115)</u> | <u>\$ (148)</u> |

#### b) Liquor tax

Liquor tax collected and due to the Government of the Yukon for the year (Note 1):

|                                             | 2005           | 2004           |
|---------------------------------------------|----------------|----------------|
|                                             | (in thousands) |                |
| Balance due at the beginning of the year    | \$ 180         | \$ 155         |
| Liquor tax collected during the year        | 2,666          | 2,544          |
| Less: remitted during the year              | <u>(2,656)</u> | <u>(2,519)</u> |
| Balance due at the end of the year (Note 5) | <u>\$ 190</u>  | <u>\$ 180</u>  |

# YUKON LIQUOR CORPORATION

## Notes to the Financial Statements

March 31, 2005

### 7. Related party transactions (continued)

#### c) Other transactions

The value of services provided without charge by the Government of the Yukon to the Corporation is estimated to be \$470,000 (2004 - \$565,000). The value of services provided without charge by the Corporation to the Government is estimated to be \$417,000 (2004 - \$471,000). These transactions were not included in the financial statements of the Corporation.

#### d) Shared services costs

The Corporation is part of a Shared Services arrangement with two other government organizations which consolidates functions such as finance and administration, policy and human resources services. 2005 is the first full year of operations for the Shared Services group for Finance, Systems & Administration, and the second year of operations for Human Resources and Policy and Communications. The amount charged by the Government of the Yukon to the Corporation for shared services for the year was \$825,000 (2004 - \$262,000). These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 8. Employee future benefits

#### Pension Plan

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. Contributions during the year were as follows:

|                             | 2005           | 2004  |
|-----------------------------|----------------|-------|
|                             | (in thousands) |       |
| Corporation's Contributions | \$218          | \$235 |
| Employees' Contributions    | 102            | 110   |

#### Non-pension benefits

The Corporation provides non-pension benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Information about the plan, measured as at the balance sheet date, is as follows:

|                                                                          | 2005           | 2004         |
|--------------------------------------------------------------------------|----------------|--------------|
|                                                                          | (in thousands) |              |
| Accrued benefit obligation, beginning of year                            | \$674          | \$798        |
| Cost for the year                                                        | 74             | (19)         |
| Benefits paid during the year                                            | (57)           | (105)        |
| Accrued benefit obligation, end of year                                  | <u>\$691</u>   | <u>\$674</u> |
| Short-term portion, included in accounts payable and accrued liabilities | \$124          | \$121        |
| Long-term portion                                                        | <u>567</u>     | <u>553</u>   |
|                                                                          | <u>\$691</u>   | <u>\$674</u> |

# YUKON LIQUOR CORPORATION

## Notes to the Financial Statements

March 31, 2005

### 9. Commitments

The Corporation has the following commitments for annual rentals of leased premises:

| <u>Fiscal</u> | <u>Whitehorse<br/>Store</u> | <u>Other Retail<br/>Stores</u> |
|---------------|-----------------------------|--------------------------------|
| 2006          | 207,219                     | 134,727                        |
| 2007          | 17,228                      | 134,727                        |
| 2008          | -                           | 117,533                        |
| 2009          | -                           | -                              |
| 2010          | -                           | -                              |

### 10. Reclassification of Comparative Figures

Certain 2004 comparative figures have been reclassified to conform to the presentation of the 2005 financial statements.

YUKON GOVERNMENT FUND LIMITED

FINANCIAL STATEMENTS

December 31, 2004

(audited)

MacKay LLP

**Auditors' Report**

**To the Directors of  
Yukon Government Fund Limited**

We have audited the balance sheet of Yukon Government Fund Limited as at December 31, 2004 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Whitehorse, Yukon**

**February 18, 2005**

*MacKay LLP*

**Chartered Accountants**

# Yukon Government Fund Limited

## Balance Sheet

As at December 31,

2004

2003

### Assets

#### Current

|                                              |              |              |
|----------------------------------------------|--------------|--------------|
| Cash                                         | \$ 2,157,737 | \$ 1,667,630 |
| Interest receivable (notes 7 and 8)          | 77,107       | 76,536       |
| Current portion of due from 19596 Yukon Ltd. | 3,500,000    | -            |

5,734,844 1,744,166

Restricted cash (note 5) 3,000,000 3,000,000

Deferred distribution fees (note 6) 188,000 428,000

Due from 19596 Yukon Ltd. (notes 7 and 8) 7,000,000 10,500,000

\$ 15,922,844 \$ 15,672,166

### Liabilities

#### Current

|                                               |           |           |
|-----------------------------------------------|-----------|-----------|
| Accounts payable and accrued liabilities      | \$ 6,150  | \$ 13,544 |
| Current portion of due to investors (note 10) | 5,000,000 | -         |

5,006,150 13,544

Due to the Government of the Yukon (notes 6 and 9) 116,054 116,054

Due to Investors (note 10) 10,000,000 15,000,000

15,122,204 15,129,598

### Shareholder's Equity

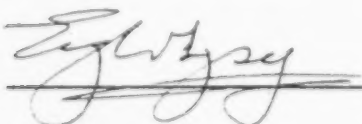
Share capital (note 11) 100 100

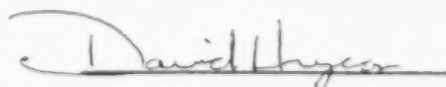
Retained earnings 800,540 542,468

800,640 542,568

\$ 15,922,844 \$ 15,672,166

Approved by the Directors

 Director

 Director

---

**Yukon Government Fund Limited****Statement of Operations and Retained Earnings**

---

| For the year ended December 31,                               | 2004       | 2003       |
|---------------------------------------------------------------|------------|------------|
| Revenue                                                       | \$ 893,228 | \$ 913,920 |
| Expenses                                                      |            |            |
| Amortization of deferred costs and distribution fees (note 6) | 240,000    | 263,584    |
| Interest paid to investors                                    | 300,000    | 300,000    |
| Reporting fees                                                | 90,247     | 90,000     |
| Professional fees                                             | 4,884      | 7,474      |
| Bank charges and interest                                     | 25         | -          |
|                                                               | 635,156    | 661,058    |
| Net income                                                    | 258,072    | 252,862    |
| Retained earnings, beginning of year                          | 542,468    | 289,606    |
| Retained earnings, end of year                                | \$ 800,540 | \$ 542,468 |

---



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**Yukon Government Fund Limited****Statement of Cash Flows**

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---

For the year ended December 31, 2004 2003

---

**Cash flows from  
Operating activities**

|                                          |            |            |
|------------------------------------------|------------|------------|
| Net income                               | \$ 258,072 | \$ 252,862 |
| Items not affecting cash                 |            |            |
| Amortization                             | 240,000    | 263,584    |
| Change in non-cash working capital       |            |            |
| Interest receivable                      | (571)      | 232        |
| Accounts payable and accrued liabilities | (7,394)    | (850)      |

---

|  |         |         |
|--|---------|---------|
|  | 490,107 | 515,828 |
|--|---------|---------|

---

**Investing activities**

|                                   |   |         |
|-----------------------------------|---|---------|
| Increase in short-term investment | - | 247,165 |
|-----------------------------------|---|---------|

---

|                         |                |                |
|-------------------------|----------------|----------------|
| <b>Increase in cash</b> | <b>490,107</b> | <b>762,993</b> |
|-------------------------|----------------|----------------|

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| <b>Cash, beginning of year</b> | <b>4,667,630</b> | <b>3,904,637</b> |
|--------------------------------|------------------|------------------|

---

|                          |                     |                     |
|--------------------------|---------------------|---------------------|
| <b>Cash, end of year</b> | <b>\$ 5,157,737</b> | <b>\$ 4,667,630</b> |
|--------------------------|---------------------|---------------------|

---

**Cash represented by:**

|                 |              |              |
|-----------------|--------------|--------------|
| Cash            | \$ 2,157,737 | \$ 1,667,630 |
| Restricted Cash | 3,000,000    | 3,000,000    |

---

|  |              |              |
|--|--------------|--------------|
|  | \$ 5,157,737 | \$ 4,667,630 |
|--|--------------|--------------|

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## **Yukon Government Fund Limited**

### **Notes to Financial Statements**

---

**December 31, 2004**

---

#### **1. Incorporation and Basis of Presentation**

Yukon Government Fund Limited ("the Company") is incorporated under the Business Corporations Act (Yukon). The Company is wholly owned by the Government of the Yukon ("the Government").

#### **2. Purpose**

The Company is a Government administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada), as amended ("the Regulations"). Under the Regulations the purpose of the Company is to invest in the active business operations of at least two eligible businesses.

The Company provides loan and equity capital to establish, expand, purchase, maintain or revitalize business or commercial ventures in the Yukon Territory which comply with the Regulations and are of significant economic benefit to the Yukon Territory, including creation or continuation of employment opportunities for Canadian citizens or permanent residents other than the investor and his/her dependents.

#### **3. Accounting Policies**

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

##### **(a) Income taxes**

The corporation is wholly owned by the Government and, therefore, is exempt from income taxes.

##### **(b) Financial instruments**

All significant financial assets, financial liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk.

#### **4. Offering Memorandum**

On January 4, 1999 the company finalized a Confidential Offering Memorandum for filing with the Business Immigration Division, Department of Citizenship and Immigration, Canada, Government of Canada. The maximum and minimum amounts of the offering were \$30,000,000 (120 units), and \$3,000,000 (12 units) respectively. The Company has committed to use the proceeds of the offering to invest in eligible businesses in the Yukon. The offering expired on March 31, 1999.

Proceeds from the sale of units will be held in trust by the escrow agent until a closing and may be released from escrow providing certain conditions are met.

The balance held in escrow, as at December 31, 2004 is \$164,077 (2003 - \$148,219).

#### **5. Restricted Cash**

The terms of the confidential offering memorandum requires that 20% of the subscription proceeds be placed in an account to be used to repay investors who may ultimately be rejected for issuance of an immigrant visa.

# Yukon Government Fund Limited

## Notes to Financial Statements

December 31, 2004

### 6. Deferred Costs and Distribution Fees

Legal fees and other expenditures related to the incorporation and issuance of the Confidential Offering Memorandum (note 4) have been deferred and are being amortized over 5 years, the initial term of the investments.

The Government of the Yukon has advanced funds to cover these expenses. A portion of the proceeds of the offering will be used to repay the government.

Distribution fees of 8% of the subscription proceeds have been deferred and amortized over the terms of the investments (5 years).

|                            | Cost         | Accumulated<br>Amortization | 2004<br>Net Book<br>Value | 2003<br>Net Book<br>Value |
|----------------------------|--------------|-----------------------------|---------------------------|---------------------------|
| Deferred costs             | \$ 118,220   | \$ 118,220                  | \$ -                      | \$ -                      |
| Deferred distribution fees | \$ 1,200,000 | \$ 1,012,000                | \$ 188,000                | \$ 428,000                |

### 7. Due from 19596 Yukon Ltd.

2004

2003

Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing May 1, 2005. Secured by promissory note and a security agreement over equipment.

\$ 1,750,000 \$ 1,750,000

Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing October 20, 2005. Secured by promissory note and a security agreement over equipment.

1,750,000 1,750,000

Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing January 22, 2006. Secured by promissory note and a security agreement over equipment.

1,750,000 1,750,000

Carried forward

\$ 5,250,000 \$ 5,250,000

# Yukon Government Fund Limited

## Notes to Financial Statements

December 31, 2004

| 7. Due from 19596 Yukon Ltd. (continued)                                                                                                                                                                                                                              | 2004                | 2003                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
| <b>Balance forward</b>                                                                                                                                                                                                                                                | <b>\$ 5,250,000</b> | <b>\$ 5,250,000</b>  |
| Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing May 18, 2006. Secured by promissory note and a security agreement over equipment.       | 1,925,000           | 1,925,000            |
| Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing July 20, 2006. Secured by promissory note and a security agreement over equipment.      | 1,575,000           | 1,575,000            |
| Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing September 21, 2006. Secured by promissory note and a security agreement over equipment. | 525,000             | 525,000              |
| Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing January 10, 2007. Secured by promissory note and a security agreement over equipment.   | 1,225,000           | 1,225,000            |
| <b>Current portion</b>                                                                                                                                                                                                                                                | <b>10,500,000</b>   | <b>10,500,000</b>    |
|                                                                                                                                                                                                                                                                       | <b>3,500,000</b>    | <b>-</b>             |
|                                                                                                                                                                                                                                                                       | <b>\$ 7,000,000</b> | <b>\$ 10,500,000</b> |

## 8. Related Party Transactions

Interest receivable of \$ 66,319 (2003 - \$ 66,319) is payable by 19596 Yukon Ltd., a company with significant common influence. At December 31, 2004, 19596 Yukon Ltd. owed \$ 10,500,000 (2003 - \$ 10,500,000) to the Company.

## 9. Due to the Government of the Yukon

The amount due to the shareholder is unsecured and due on demand. However, the shareholder has indicated that it will not request payment until the amount due to investors is repaid. Consequently, this item has been classified as a long-term liability in the accompanying financial statements.

# Yukon Government Fund Limited

## Notes to Financial Statements

December 31, 2004

| 10. Due to Investors                                                                                                                                                 | 2004                 | 2003                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Term loans from ten individual investors (\$250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing May 5, 2005.          | \$ 2,500,000         | \$ 2,500,000         |
| Term loans from ten individual investors (\$250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing October 20, 2005.     | 2,500,000            | 2,500,000            |
| Term loans from ten individual investors (\$250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing January 17, 2006.     | 2,250,000            | 2,250,000            |
| Term loans from nine individual investors (\$250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing May 14, 2006.        | 2,500,000            | 2,500,000            |
| Term loans from nine individual investors (\$250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing July 18, 2006.       | 2,250,000            | 2,250,000            |
| Term loans from three individual investors (\$250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing September 21, 2006. | 750,000              | 750,000              |
| Term loans from seven individual investors (\$250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing January 10, 2007.   | 1,750,000            | 1,750,000            |
| Term loans from one individual investor (\$250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing July 30, 2007.         | 250,000              | 250,000              |
| Term Loans from one individual investor (\$250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing July 15, 2008.         | 250,000              | 250,000              |
|                                                                                                                                                                      | <u>15,000,000</u>    | <u>15,000,000</u>    |
| Current portion                                                                                                                                                      | <u>5,000,000</u>     | <u>-</u>             |
|                                                                                                                                                                      | <u>\$ 10,000,000</u> | <u>\$ 15,000,000</u> |

The amount due to investors is repayable annually as follows:

|      |                      |
|------|----------------------|
| 2005 | \$ 5,000,000         |
| 2006 | 7,750,000            |
| 2007 | 2,000,000            |
| 2008 | 250,000              |
|      | <u>\$ 15,000,000</u> |

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## Yukon Government Fund Limited

### Notes to Financial Statements

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December 31, 2004

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#### 11. Share Capital

Share capital consists of the following:

##### Authorized

Unlimited number of shares without nominal or par value.

##### Issued

100 common shares

|  | 2004   | 2003   |
|--|--------|--------|
|  | \$ 100 | \$ 100 |

No dividends, share repurchases or return of capital shall be paid at any time when the Company has outstanding debt obligations to investors. Subject to this restriction, the holders of shares shall have all the rights of a shareholder under the Business Corporations Act, including the right to vote. No shares shall be transferred without the prior consent of the Government.

#### 12. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

19596 YUKON INC.  
FINANCIAL STATEMENTS  
December 31, 2004  
(unaudited)

MacKay LLP

**Review Engagement Report**

**To the Directors of  
19596 Yukon Inc.**

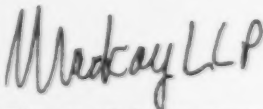
We have reviewed the balance sheet of 19596 Yukon Inc. as at December 31, 2004 and the statements of operations and retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

**Whitehorse, Yukon**

**February 21, 2005**

  
Chartered Accountants

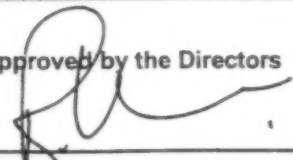


# 19596 Yukon Inc.

## Balance Sheet (Unaudited - see Review Engagement Report)

| As at December 31,                            | 2004                 | 2003                 |
|-----------------------------------------------|----------------------|----------------------|
| <b>Assets</b>                                 |                      |                      |
| <b>Current</b>                                |                      |                      |
| Bank                                          | \$ 1,067             | \$ 1,092             |
| Accounts receivable                           | 163,508              | 153,583              |
| Income taxes receivable                       | -                    | 83,516               |
|                                               | <b>164,575</b>       | <b>238,191</b>       |
| Restricted cash (note 5)                      | <b>4,720,999</b>     | <b>3,695,132</b>     |
| Property and equipment (note 2)               | <b>5,865,366</b>     | <b>6,820,323</b>     |
|                                               | <b>\$ 10,750,940</b> | <b>\$ 10,753,646</b> |
| <b>Liabilities</b>                            |                      |                      |
| <b>Current</b>                                |                      |                      |
| Accounts payable and accrued liabilities      | \$ 105,634           | \$ 99,214            |
| Due to shareholders                           | 17,655               | 17,655               |
| Current portion of long term debt             | 3,500,000            | -                    |
|                                               | <b>3,623,289</b>     | <b>116,869</b>       |
| Due to Yukon Government Fund Limited (note 3) | <b>7,000,000</b>     | <b>10,500,000</b>    |
|                                               | <b>10,623,289</b>    | <b>10,616,869</b>    |
| <b>Shareholders' Equity</b>                   |                      |                      |
| Share capital (note 6)                        | <b>200</b>           | <b>200</b>           |
| Retained earnings                             | <b>127,451</b>       | <b>136,577</b>       |
|                                               | <b>127,651</b>       | <b>136,777</b>       |
|                                               | <b>\$ 10,750,940</b> | <b>\$ 10,753,646</b> |

Approved by the Directors

 Director

 Director

 , DIRECTOR

MacKay LLP

227  
Chartered Accountants

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**19596 Yukon Inc.****Statement of Operations and Retained Earnings**  
**(Unaudited - see Review Engagement Report)**

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| For the year ended December 31,             | 2004              | 2003              |
|---------------------------------------------|-------------------|-------------------|
| <b>Revenue</b>                              |                   |                   |
| Equipment lease                             | \$ 1,700,000      | \$ 1,700,000      |
| Interest income                             | 85,948            | 87,660            |
|                                             | <b>1,785,948</b>  | <b>1,787,660</b>  |
| <b>Expenses</b>                             |                   |                   |
| Amortization                                | 954,957           | 1,143,551         |
| Bank charges and interest                   | 45                | 89                |
| Interest on long-term debt                  | 795,827           | 795,827           |
| Management fees                             | 27,014            | 34,023            |
| Professional fees                           | 17,231            | 12,886            |
|                                             | <b>1,795,074</b>  | <b>1,986,376</b>  |
| <b>Loss before income taxes</b>             | <b>(9,126)</b>    | <b>(198,716)</b>  |
| <b>Income taxes (recovery)</b>              | <b>-</b>          | <b>(83,516)</b>   |
| <b>Net loss</b>                             | <b>(9,126)</b>    | <b>(115,200)</b>  |
| <b>Retained earnings, beginning of year</b> | <b>136,577</b>    | <b>251,777</b>    |
| <b>Retained earnings, end of year</b>       | <b>\$ 127,451</b> | <b>\$ 136,577</b> |

**19596 Yukon Inc.****Statement of Cash Flows  
(Unaudited - see Review Engagement Report)**

| <b>For the year ended December 31,</b>       | <b>2004</b>        | <b>2003</b>        |
|----------------------------------------------|--------------------|--------------------|
| <b>Cash provided by (used in)</b>            |                    |                    |
| <b>Operating activities</b>                  |                    |                    |
| Net loss                                     | \$ (9,126)         | \$ (115,200)       |
| Item not affecting cash                      |                    |                    |
| Amortization                                 | 954,957            | 1,143,551          |
| Change in non-cash operating working capital |                    |                    |
| Accounts receivable                          | (9,925)            | (151,583)          |
| Income taxes receivable                      | 83,516             | 117,294            |
| Accounts payable and accrued liabilities     | 6,420              | 19,016             |
| Due to shareholders                          | -                  | (48,345)           |
|                                              | <b>1,025,842</b>   | <b>964,733</b>     |
| <b>Investing activities</b>                  |                    |                    |
| Property and equipment purchased             | -                  | (121,488)          |
| Increase in restricted cash                  | (1,025,867)        | (953,427)          |
|                                              | <b>(1,025,867)</b> | <b>(1,074,915)</b> |
| <b>Decrease in cash</b>                      | <b>(25)</b>        | <b>(110,182)</b>   |
| <b>Cash, beginning of year</b>               | <b>1,092</b>       | <b>111,274</b>     |
| <b>Cash, end of year</b>                     | <b>\$ 1,067</b>    | <b>\$ 1,092</b>    |

# 19596 Yukon Inc.

## Notes to Financial Statements (Unaudited - see Review Engagement Report)

December 31, 2004

### 1. Accounting Policies

The company is incorporated under the laws of the Yukon Territory and its major activity is the leasing of communications equipment. The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

#### (a) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk.

#### (b) Property and equipment

Property and equipment are recorded at cost. Amortization is calculated by the declining balance method at the annual rates set out in note 2.

#### (c) Income taxes

Income taxes are accounted for using the future income tax method.

### 2. Property and Equipment

|                           |      |               | 2004                        |                   | 2003              |
|---------------------------|------|---------------|-----------------------------|-------------------|-------------------|
|                           | Rate | Cost          | Accumulated<br>Amortization | Net book<br>Value | Net book<br>Value |
| Equipment                 | 20%  | \$ 2,247,436  | \$ 1,244,329                | \$ 1,003,107      | \$ 1,253,884      |
| Communication Equipment   | 20%  | 1,896,057     | 1,082,829                   | 813,228           | 1,016,535         |
| Satellite                 | 20%  | 1,123,596     | 623,815                     | 499,781           | 624,726           |
| Structures & Improvements | 4%   | 1,649,466     | 234,088                     | 1,415,378         | 1,474,352         |
| Fiber Cable               | 12%  | 3,046,820     | 1,157,337                   | 1,889,483         | 2,147,140         |
| Roads                     | 8%   | 175,405       | 42,960                      | 132,445           | 143,961           |
| Routers                   | 30%  | 482,238       | 371,913                     | 110,325           | 157,607           |
| Computer Equipment        | 30%  | 2,568         | 2,044                       | 524               | 749               |
| Office Furniture          | 20%  | 2,971         | 1,876                       | 1,095             | 1,369             |
|                           |      | \$ 10,626,557 | \$ 4,761,191                | \$ 5,865,366      | \$ 6,820,323      |

# 19596 Yukon Inc.

## Notes to Financial Statements (Unaudited - see Review Engagement Report)

December 31, 2004

| 3. Due to Yukon Government Fund Limited                                                                                                                                                                                                                           | 2004                 | 2003                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing May 1, 2005. Secured by promissory note and a security agreement over equipment.        | \$ 1,750,000         | \$ 1,750,000         |
| Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing October 20, 2005. Secured by promissory note and a security agreement over equipment.   | 1,750,000            | 1,750,000            |
| Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing January 22, 2006. Secured by promissory note and a security agreement over equipment.   | 1,750,000            | 1,750,000            |
| Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing May 18, 2006. Secured by promissory note and a security agreement over equipment.       | 1,925,000            | 1,925,000            |
| Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing July 20, 2006. Secured by promissory note and a security agreement over equipment.      | 1,575,000            | 1,575,000            |
| Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing September 21, 2006. Secured by promissory note and a security agreement over equipment. | 525,000              | 525,000              |
| Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing January 10, 2007. Secured by promissory note and a security agreement over equipment.   | 1,225,000            | 1,225,000            |
|                                                                                                                                                                                                                                                                   | <b>\$ 10,500,000</b> | <b>\$ 10,500,000</b> |
| Less current portion                                                                                                                                                                                                                                              | <b>3,500,000</b>     | -                    |
|                                                                                                                                                                                                                                                                   | <b>\$ 7,000,000</b>  | <b>\$ 10,500,000</b> |

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**19596 Yukon Inc.****Notes to Financial Statements  
(Unaudited - see Review Engagement Report)**

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**December 31, 2004**

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**Due to Yukon Government Fund Limited (continued)**

Estimated annual repayments of the loans payable are as follows:

|      |    |           |
|------|----|-----------|
| 2005 | \$ | 3,500,000 |
| 2006 |    | 5,775,000 |
| 2007 |    | 1,225,000 |

---

**\$ 10,500,000**

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**4. Related Party Transactions**

The company paid management fees to its parent company of \$10,514 (2003-\$17,523) and \$16,500 (2003-\$16,500) to Government of Yukon, a shareholder in the company. The company received \$1,700,000 in lease revenue from Northwestel, a shareholder in the company.

**5. Restricted cash**

Restricted cash represents equipment lease funds deposited into a trust account with HSBC Bank Canada. These funds are to be used to pay amounts owing to Yukon Government Fund Limited, to pay GST to the appropriate government agency, and audit, legal, and other fees incurred by 19596 Yukon Inc. in connection with the transactions contemplated by the loan agreement with Yukon Government Fund Limited, the equipment lease and the procurement agreement.

**6. Share Capital****Authorized**

Unlimited number of shares without  
nominal or par value

**Issued**

200 common shares

**2004****2003**

|    |     |    |     |
|----|-----|----|-----|
| \$ | 200 | \$ | 200 |
|----|-----|----|-----|

---

**7. Income Taxes**

The company has the following amount available to apply against future taxable income for which no future income tax asset has been recognized.

Non-capital losses expiring in:

**2011****\$ 9,206**

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**8. Subsequent Events**

Subsequent to the end of the year, the company sold all of its property and equipment to one of the shareholders of the company for \$6,100,000.

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COMPENSATION FUND (YUKON)

FINANCIAL STATEMENTS

December 31, 2004

(audited)

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# Management's Responsibility for Financial Reporting

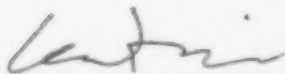
The management of the Yukon Workers' Compensation Health and Safety Board (the board) is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and board policies; and that the board resources are managed efficiently and economically and the operations of the board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund. The financial statements as at December 31, 2004, which include amounts based on management's best estimates as determined through experience and judgement, are in accordance with Canadian generally accepted accounting principles. Other financial information included in the Annual Report is consistent with these financial statements.

Board members (the Board) are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Finance, Investment, and Audit Committee. The Finance, Investment, and Audit Committee has reviewed the financial statements and has submitted its report to the Board, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Hewitt Associates, an independent consulting actuarial firm, has been engaged to provide an opinion of the adequacy and appropriateness of actuarial valuations of the benefits liability of the Compensation Fund.



Gerry Meier  
A/President and Chief Executive Officer



Jim Stephens, CMA, CGA  
Vice President, Operations and  
Chief Financial Officer

July 7, 2005



# Actuarial Certification

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## To the Members of the Yukon Workers' Compensation, Health and Safety Board

We have completed an actuarial valuation as at December 31, 2004 of the benefits liability payable in the future for insured employers under the Yukon Workers' Compensation Act, in respect to claims that occurred prior to the valuation date.

We have analyzed the claims data on which the valuation has been based and have performed tests to confirm the reasonableness of the data and its consistency with the data used for valuations in prior years. In our opinion, the data is sufficient and reliable for the purposes of this valuation.

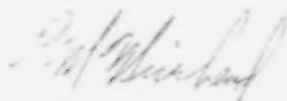
The actuarial valuation of the benefits liability of \$96,793,000 represents the actuarial present value at December 31, 2004 of all expected payments which will be made in future years and in respect of all claims occurring on or before December 31, 2004.

The valuation was based on the provisions of the Yukon Workers' Compensation Act in effect as of December 31, 2004. The net interest rates used to discount future claim payments make implicit provision for future increases in payment levels. The benefits liability includes provision for claims arising in the future in respect of latent occupational diseases only to the extent that such claims have been experienced in the past. It also includes provision for future expenses relating to the administration of existing claims. Payments made by the Board on a self-insured basis are excluded from the valuation of the benefits liability.

The actuarial assumptions and methods employed in the valuation represent an estimate of the Board's future obligations based on the provisions of the Yukon Workers' Compensation Act at the valuation date, the Board's current practices and administration procedures and the pattern of claims costs experienced prior to the valuation. In our opinion, for the purposes of the valuation, the actuarial assumptions are, in aggregate, appropriate and the methods employed are consistent with sound actuarial principles.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice.

Respectfully submitted  
Hewitt Associates



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Peter Muirhead, F.C.I.A.  
Fellow, Canadian Institute of Actuaries



# Auditor's Report



Auditor General of Canada  
Vérificatrice générale du Canada

To the Minister responsible for the Compensation Fund

I have audited the balance sheet of the Compensation Fund as at December 31, 2004 and the statements of operations and reserves and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Workers' Compensation Act*, I report that, in my opinion, these principles have been applied, except for the change in the method of accounting for financial instruments as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith. In addition, the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations and the *Financial Administration Act* and regulations.

Ronald C. Thompson, CA  
Assistant Auditor General  
for the Auditor General of Canada

Vancouver, Canada  
May 6, 2005, except as to Note 10 (b), which is as of July 7, 2005



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# Compensation Fund Balance Sheet

As at December 31

## Assets

### Current assets

|                                 | 2004<br>(\$000s)  | 2003<br>(\$000s)  |
|---------------------------------|-------------------|-------------------|
| Accounts receivable (note 4)    | \$ 2,162          | \$ 1,218          |
| Investments (note 3, 5)         | 131,677           | 123,440           |
| Property and equipment (note 6) | 3,942             | 3,920             |
|                                 | <u>\$ 137,781</u> | <u>\$ 128,578</u> |

## Liabilities and Reserves

### Current liabilities

|                                    |                |               |
|------------------------------------|----------------|---------------|
| Bank overdraft (note 10)           | \$ 1,327       | \$ 933        |
| Accounts payable (note 4)          | 3,054          | 2,468         |
|                                    | <u>4,381</u>   | <u>3,401</u>  |
| Accrued employee benefits (note 9) | 996            | 1,533         |
| Benefits liability (note 7)        | 96,793         | 89,673        |
| Total liabilities                  | <u>102,170</u> | <u>94,607</u> |

### Reserves (note 8)

|  |                   |                   |
|--|-------------------|-------------------|
|  | <u>35,611</u>     | <u>33,971</u>     |
|  | <u>\$ 137,781</u> | <u>\$ 128,578</u> |

## Commitments and Contingencies (note 11, 13)

The accompanying notes are an integral part of the financial statements.

Approved by the Yukon Workers' Compensation Health & Safety Board



Alternate Chair

Craig Tuton,  
Chair



# Compensation Fund

## Statement of Operations and Reserves

For the year ended December 31

|                                                       | 2004<br>(\$000s) | 2003<br>(\$000s) |
|-------------------------------------------------------|------------------|------------------|
| <b>Revenue</b>                                        |                  |                  |
| Assessments (note 10)                                 | \$ 9,680         | \$ 8,428         |
| Investment (note 5)                                   | 8,829            | 5,102            |
| Recoveries and other receipts (note 10)               | 1,445            | 477              |
| Total revenues                                        | 19,954           | 14,007           |
| <b>Expenses</b>                                       |                  |                  |
| Claims expenses (note 7)                              | 19,543           | 15,703           |
| Administration and prevention (note 12)               |                  |                  |
| Administration                                        | 5,089            | 5,697            |
| Occupational health and safety                        | 923              | 1,008            |
| Workers' Advocate                                     | 342              | 378              |
| Congress 2004                                         | 277              | 102              |
| Contractor Safety Association                         | 174              | 42               |
| Appeal Tribunal                                       | 171              | 187              |
| Act Review                                            | 129              | 33               |
| Employer Consultant                                   | 111              | 137              |
| Federation of Labour                                  | 11               | -                |
| Business process improvement costs (note 6)           | -                | 156              |
| Total expenditures                                    | 26,770           | 23,443           |
| Operating deficit for the year                        | (6,816)          | (9,436)          |
| Effect of change in assumptions (note 7)              | -                | 8,336            |
| Final operating deficit                               | (6,816)          | (1,100)          |
| <b>Reserves</b>                                       |                  |                  |
| Reserves, beginning of the year, as previously stated | 33,971           | 35,071           |
| Change in accounting policy (note 3)                  | 8,456            | -                |
| Reserves, beginning of the year, restated (note 8)    | \$ 42,427        | \$ 35,071        |
| Final operating deficit                               | (6,816)          | (1,100)          |
| Reserves, end of the year (note 8)                    | \$ 35,611        | \$ 33,971        |

The accompanying notes are an integral part of the financial statements.



# Compensation Fund Statement of Cash Flows

For the year ended December 31

|                                                            | 2004<br>(\$000s)  | 2003<br>(\$000s) |
|------------------------------------------------------------|-------------------|------------------|
| <b>Cash flows from operating activities</b>                |                   |                  |
| Cash received from:                                        |                   |                  |
| Employers, for assessments                                 | \$ 9,350          | \$ 8,515         |
| Recoveries and miscellaneous                               | 850               | 887              |
| Investment revenue                                         | 4,874             | 5,276            |
|                                                            | <u>15,074</u>     | <u>14,678</u>    |
| Cash paid to:                                              |                   |                  |
| Claimants or third parties on their behalf                 | (12,424)          | (12,718)         |
| Suppliers, for administrative and other goods and services | (6,903)           | (7,023)          |
|                                                            | <u>(19,327)</u>   | <u>(19,741)</u>  |
| Cash used in operating activities                          | <u>(4,253)</u>    | <u>(5,063)</u>   |
| <br><b>Cash flows from investing activities</b>            |                   |                  |
| Sales and maturities of investments                        | 111,565           | 113,798          |
| Proceeds on disposal of capital assets                     | 1                 | 1                |
| Purchases of investments                                   | (107,391)         | (108,541)        |
| Purchases of capital assets                                | (316)             | (446)            |
| Cash provided by investing activities                      | <u>3,859</u>      | <u>4,812</u>     |
| Net decrease in cash                                       | (394)             | (251)            |
| Bank overdraft, beginning of year                          | <u>(933)</u>      | <u>(682)</u>     |
| Bank overdraft, end of year                                | <u>\$ (1,327)</u> | <u>\$ (933)</u>  |

*The accompanying notes are an integral part of the financial statements.*





# Compensation Fund Notes to the Financial Statements

December 31, 2004

## 1. Nature of Operations

The Compensation Fund (the Fund) was established by the *Workers' Compensation Act* and is administered by the Yukon Workers' Compensation Health and Safety Board (the board) pursuant to the Act. The Fund, as administered by the board, provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers, usually on the basis of their reported assessable payrolls. The assessment and investment revenue pays for all claims, administration and prevention expenses. In 1992, the board was made responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

## 2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The more significant accounting policies are as follows:

### (a) Benefits Liability

The benefits liability is determined annually and represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims. These claims are discounted to a present value at a real interest rate of 3.5%. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period.

The benefits liability is comprised of three liabilities for medical aid and compensation, pension, and annuity:

Medical aid and compensation includes benefits for medical aid, compensation for loss of earnings and personal property, lump sum payments for permanent impairment, rehabilitation assistance, emergency transportation, traditional aboriginal healing, and death and funeral expenses.

The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.

The annuity liability is for workers who have received compensation for the same disability for at least 24 months. Ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity at sixty-five years of age.





## (b) Allocation of Reserves

The reserves are comprised of a prevention and benefit enhancement reserve, a target reserve, and a rate transition reserve. Once the benefits liability is determined, the remaining difference between the Fund's assets and liabilities is credited to reserves.

The total available for reserves is allocated as follows:

- |                                                                                       |                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Prevention and benefit enhancement                                                | The initial amount identified as at December 31, 1997 will be credited with interest at the same rate as the annuity liability                                                                 |
| (ii) The target reserve has three components, funded as follows:                      |                                                                                                                                                                                                |
| Catastrophic claims                                                                   | 200 times the maximum wage rate                                                                                                                                                                |
| Adverse claims experience                                                             | 16% of the unsubsidized assessment revenue plus 12% of the benefits liability                                                                                                                  |
| Occupational disease and enhanced disabilities including latent occupational diseases | 7% of the benefits liability                                                                                                                                                                   |
| (iii) Rate Transition Reserve                                                         | The rate transition reserve will be the balance in excess of the other reserves. If there is no excess then the balance will be zero and the overall deficiency in reserves will be identified |

## (c) Investments

In accordance with the provisions of the CICA Handbook Section 3855, *Financial Instruments - Recognition and Measurement*, the board elected to designate all investments as held for trading and records them at fair value. The fair value of publicly traded investments is quoted market price. Purchases and sales of investments are recognized on the trade date.

Realized gains and losses, arising on the sale of investments, are recognized in investment income in the period earned. Unrealized gains and losses, arising from fluctuations in fair value, are recognized in investment income in the period in which they arise. Investment income arising from dividends and interest is recognized in the period earned. Investment income is presented net of investment expenses.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Revenue from investments is translated at the rate in effect at the time it is earned. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recognized in investment income in the period in which they arise.



#### (d) Assessments

Assessment revenue is calculated on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the board. Separate rates of assessment are established for each industry classification. An allowance for doubtful accounts is provided for assessments receivable based on management's best estimate.

The board administers the Government of Yukon employees' compensation claims related to injuries prior to January 1, 1993 when the Government was a self-insured employer. The Fund receives reimbursement for the claim costs and related administrative expenses of those employees (note 10).

#### (e) Third Party Subrogated Claims

In certain limited circumstances, under section 56 of the *Workers' Compensation Act*, the board is deemed to be an assignee of a cause of action in respect of a claimant's disability. The claimant receives 25% of any settlement received after deducting all the costs of the action. This is over and above any future benefits entitlement. The remaining amount is used to offset future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Revenue received from third party subrogated claims is recorded in the year the settlement occurs. No provision is made in the benefits liability for possible future subrogated recoveries because of their contingent nature.

#### (f) Property and Equipment

Property and equipment are carried at cost less accumulated amortization. Amortization is calculated on the straight-line method, using rates based on the estimated useful life of the assets as follows:

|                                |               |
|--------------------------------|---------------|
| Buildings                      | 40 years      |
| Furniture and equipment        | 5 to 10 years |
| Computer systems and equipment | 3 years       |
| Systems development            | 5 to 10 years |



## (g) Employee Future Benefits

### **Other Benefits**

Under conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation is determined on an actuarial basis. The key assumptions used are a liability discount rate of 7% and an annual rate of general escalation of 3%. The obligation for vacation leave, sick leave, and severance benefits are calculated using the projected benefit method prorated on service. The remainder is calculated assuming all employees receive the benefits on the valuation date.

### **Pension Benefits**

Employees participate in the Public Service Pension Plan administered by the Government of Canada. The board's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the board and are charged to operations on a current basis.

The board is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

## (h) Use of Estimates

The preparation of financial statements in accordance with the Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This mainly affects claims expenses, benefits liability, accrued employee benefits and the reserves. Actual results could differ materially from these estimates.

## 3. Change in Accounting Policy

Effective January 1, 2004, the board adopted the new CICA Handbook Section 3855, *Financial Instruments - Recognition and Measurement*. As required by the new standard, prior period results have not been restated.

Under the previous accounting policy, short-term investments were carried at amortized cost. Fixed-term securities were carried at cost, net of amortization of premiums and discounts on purchase. Equity investments were carried at cost plus a moving average market method adjustment to amortize unrealized gains and losses over a five-year period. Realized gains and losses were deferred and amortized on a straight line basis over five years. Investment income, consisting of interest and dividends, was recognized in income in the period earned.

The change in accounting policy has been made in accordance with the transitional provisions of section 3855. Under the new accounting policy, the board has chosen to designate all investments as held for trading and record them at fair value. The fair value of publicly traded investments is the market value on a recognized exchange. Realized and unrealized gains and losses are now recognized in full in investment income in the period in which they arise.

On January 1, 2004, the board's investments were revalued from a carrying value of \$130,301,184 to a fair value of \$131,976,288. The difference of \$1,675,104 was reclassified as an adjustment to the opening balance of the reserves. The balance of the deferred realized gains of \$6,781,093, which can no longer be deferred under the new standard, was also reclassified as an adjustment to the opening reserve balance. The total impact of the change in accounting policy was an increase to the opening reserve balance of \$8,456,197.

In early adopting the new standard for financial instruments the board was required to adopt new CICA Handbook Section 1530, *Comprehensive Income*, and Section 3865, *Hedges*. These standards did not have an impact on the financial statements because the board does not engage in the types of transactions addressed by these sections.



## 4. Accounts Receivable and Accounts Payable

|                               | <b>2004</b><br><b>(\$000s)</b> | <b>2003</b><br><b>(\$000s)</b> |
|-------------------------------|--------------------------------|--------------------------------|
| <b>Receivable</b>             |                                |                                |
| Assessments                   | \$ 1,067                       | \$ 718                         |
| Government of Yukon (note 10) | 948                            | 435                            |
| Other receivables             | 147                            | 65                             |
|                               | <u>\$ 2,162</u>                | <u>\$ 1,218</u>                |
| <b>Payable</b>                |                                |                                |
| Assessments                   | \$ 358                         | \$ 339                         |
| Government of Yukon (note 10) | 1,332                          | 1,364                          |
| Other payables                | 1,364                          | 765                            |
|                               | <u>\$ 3,054</u>                | <u>\$ 2,468</u>                |



## 5. Investments and Investment Revenue

The Board has established a policy for the management of the investment process, utilizing external investment portfolio managers. The portfolio managers' compliance with this investment policy is monitored on a regular basis.

### a) Portfolio Investments

|                                    | <b>2004<br/>(\$000s)</b> |                   | <b>2003<br/>(\$000s)</b> |                   |                   |
|------------------------------------|--------------------------|-------------------|--------------------------|-------------------|-------------------|
|                                    | Fair<br>Value            | Rate of<br>Return | Fair<br>Value            | Carrying<br>Value | Rate of<br>Return |
| <b>Fixed-term securities</b>       |                          |                   |                          |                   |                   |
| Federal Bonds                      | \$ 20,885                |                   | \$ 23,372                | \$ 22,903         |                   |
| Provincial Bonds                   | 14,580                   |                   | 9,671                    | 9,221             |                   |
| Corporate Bonds                    | 26,537                   |                   | 28,903                   | 27,467            |                   |
| Municipal Bonds                    | <u>742</u>               |                   | <u>912</u>               | <u>880</u>        |                   |
|                                    | 62,744                   | 6.7%              | 62,858                   | 60,471            | 6.4%              |
| <b>Equities</b>                    |                          |                   |                          |                   |                   |
| Canadian                           | 21,018                   | 16.2%             | 21,882                   | 19,870            | 26.2%             |
| United States                      | 11,632                   | 0.7%              | 11,947                   | 13,441            | 0.6%              |
| Overseas                           | <u>32,143</u>            | 7.9%              | <u>30,984</u>            | <u>32,182</u>     | 7.6%              |
|                                    | 64,793                   |                   | 64,813                   | 65,493            |                   |
| <b>Other investments</b>           |                          |                   |                          |                   |                   |
| Cash on account                    | 622                      |                   | 185                      | 186               |                   |
| Treasury Bills                     | 2,939                    |                   | 3,279                    | 3,310             |                   |
| Accrued interest income            | <u>664</u>               |                   | <u>841</u>               | <u>841</u>        |                   |
|                                    | 4,225                    |                   | 4,305                    | 4,337             |                   |
| Investments, sub-total             | <u>131,762</u>           |                   | <u>131,976</u>           | <u>130,301</u>    |                   |
| Management fee accrual             | (85)                     |                   | (80)                     | (80)              |                   |
| Deferred realized investment gains | -                        |                   | -                        | (6,781)           |                   |
|                                    | \$ <u>131,677</u>        | 7.2%              | \$ <u>131,896</u>        | \$ <u>123,440</u> | 8.2%              |



## (b) Investment Revenue

|                                       | 2004<br>(\$000s) | 2003<br>(\$000s) |
|---------------------------------------|------------------|------------------|
| Dividends and interest                |                  |                  |
| Fixed-term                            | \$ 3,541         | \$ 3,180         |
| Equity                                | 1,469            | 1,366            |
|                                       | <u>5,010</u>     | <u>4,546</u>     |
| Gains and losses                      |                  |                  |
| Amortized realized & unrealized gains | -                | 1,004            |
| Realized gains in the year            | 1,072            | -                |
| Change in fair value in the year      | 3,213            | -                |
|                                       | <u>9,295</u>     | <u>5,550</u>     |
| Investment management fees            | <u>(466)</u>     | <u>(448)</u>     |
|                                       | <u>\$ 8,829</u>  | <u>\$ 5,102</u>  |

## c) Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. To manage this risk the board determined that short-term investments must have a credit rating of at least R1, and long term investments require a rating of A or higher by the Dominion Bond Rating Service in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 5% of the portfolio.

## d) Foreign Exchange Risk Management

The Fund has investments in equities denominated in foreign currencies. The board does not undertake long-term hedging strategies for the currency risk of foreign investments. The board undertakes long-term investment strategies. However, currency fluctuations may affect short-term returns. The fair value of investments in US\$ as at December 31, 2004 was \$18,821,374 (2003 - \$16,100,665 at cost). The Fund did not hold any investments in European currency at December 31, 2004 (2003 - \$378,515 at cost).



## e) Interest Rate Risk Management

Fluctuations in interest rates can impact the fair value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-term portfolio.

The fixed term investments, at fair value, in thousands of dollars, mature as follows:

|                       |                          |                  |             |
|-----------------------|--------------------------|------------------|-------------|
| 1 to 5 years          | effective yield of 3.42% | \$ 14,502        | 23%         |
| 6 to 10 years         | effective yield of 4.31% | 31,397           | 50%         |
| greater than 10 years | effective yield of 5.16% | 16,845           | 27%         |
|                       |                          | <u>\$ 62,744</u> | <u>100%</u> |

## 6. Property and Equipment

|                                    | 2004<br>(\$000s) |                             |                       | 2003<br>(\$000s)      |
|------------------------------------|------------------|-----------------------------|-----------------------|-----------------------|
|                                    | Cost             | Accumulated<br>Amortization | Net<br>Carrying Value | Net<br>Carrying Value |
| Land                               | \$ 390           | \$ -                        | \$ 390                | \$ 390                |
| Buildings                          | 3,253            | (991)                       | 2,262                 | 2,337                 |
| Furniture and equipment            | 543              | (450)                       | 93                    | 95                    |
| Computer systems and equipment     | 1,835            | (1,727)                     | 108                   | 108                   |
| Systems development <sup>(1)</sup> | 1,211            | (122)                       | 1,089                 | 990                   |
|                                    | <u>\$ 7,232</u>  | <u>\$ (3,290)</u>           | <u>\$ 3,942</u>       | <u>\$ 3,920</u>       |

<sup>(1)</sup>The Achieving Better Customer Service project incurred expenditures of \$168,000 in 2004 (2003 - \$531,000). All of the 2004 project expenditures were capitalized and no business process improvements were expensed in the current year (2003 - \$156,000). As of December 31, 2004, costs of \$740,882 (2003 - \$674,698) for the claims and assessment components of the project have been capitalized and will not be amortized until these system components are substantially complete.

In 2003, the financial system was substantially complete and amortization of the system began in that year. In 2004, additional components of the financial system, with a cost of \$101,000 (2003 - \$368,790), were installed and amortized as part of the overall system.





## 7. Benefits Liability

|                                                 | 2004<br>(\$000s)              |           |          | 2003<br>(\$000s) |           |
|-------------------------------------------------|-------------------------------|-----------|----------|------------------|-----------|
|                                                 | Medical Aid &<br>Compensation | Pension   | Annuity  | Total            | Total     |
| Balance, beginning of year                      | \$ 63,269                     | \$ 22,206 | \$ 4,198 | \$ 89,673        | \$ 95,022 |
| Effects of change in assumptions <sup>(1)</sup> | -                             | -         | -        | -                | (8,336)   |
| Adjusted balance, beginning of year             | \$ 63,269                     | \$ 22,206 | \$ 4,198 | \$ 89,673        | \$ 86,686 |
| Add claims costs incurred:                      |                               |           |          |                  |           |
| Current year injuries                           | 11,323                        | -         | -        | 11,323           | 9,702     |
| Prior years' injuries                           | 5,856                         | 1,558     | 806      | 8,220            | 6,001     |
|                                                 | 17,179                        | 1,558     | 806      | 19,543           | 15,703    |
| Less claims payments made:                      |                               |           |          |                  |           |
| Current year injuries                           | 2,225                         | -         | -        | 2,225            | 1,950     |
| Prior years' injuries                           | 8,697                         | 1,337     | 164      | 10,198           | 10,766    |
|                                                 | 10,922                        | 1,337     | 164      | 12,423           | 12,716    |
| Balance, end of year                            | \$ 69,526                     | \$ 22,427 | \$ 4,840 | \$ 96,793        | \$ 89,673 |

<sup>(1)</sup> The actuarial assumption for conservatism in the benefits liability was changed in 2003. The conservatism assumption relates to the level of confidence that the benefits liability will be sufficient to cover claims costs in a certain percentage of cases in future years. The previous conservatism ratio was developed in 1997 using the five years of claims data available at that time. Based on additional claims data resulting from a longer claims history the actuary was able to determine a more appropriate level of conservatism based on the Fund's overall claims experience. The change resulted in a reduction in the liability of \$8,336,000.

The following key long-term economic assumptions were used in the actuarial valuation of the benefits liability:

|                                             | 2004  | 2003  |
|---------------------------------------------|-------|-------|
| Future net investment rate of return        | 3.50% | 3.50% |
| Future net discount rate in medical aid     | 1.50% | 1.50% |
| Future net discount rate in compensation    | 2.50% | 2.50% |
| Future net discount rate in rehabilitation  | 3.50% | 3.50% |
| Future increase in the Consumer Price Index | 3.50% | 3.50% |

The benefits liability was determined using accepted actuarial practices in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's long-term estimates of economic and actuarial assumptions and methods, which were based on past experience modified for current trends. As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments. The fair value for the benefits liability is not practical to determine due to its long-term nature.





## 8. Reserves

The Board's review of the structure of the reserves, which began in 2003, will be completed in 2005. Until this review is completed, the Board felt that it would be premature to make any changes to the reserves.

In 2003, the Board decided that the prevention and benefit enhancement reserve be reduced by \$5,800,000 to cover the expenses of Bill 73 (\$5,400,000), which increased benefits of certain workers, and Bill 64 (\$400,000), which paid benefits to surviving spouses or common-law partners.

Allocations to the reserves in the current year are as follows:

|                                           | <b>Prevention and Benefit Enhancement Reserve</b> |                          |
|-------------------------------------------|---------------------------------------------------|--------------------------|
|                                           | <b>2004<br/>(\$000s)</b>                          | <b>2003<br/>(\$000s)</b> |
| Balance, beginning of year                | \$ 9,937                                          | \$ 15,309                |
| Less adjustments to prior year allocation | -                                                 | (5,800)                  |
| Current allocation                        | 726                                               | 428                      |
| Balance, end of year                      | <u>\$ 10,663</u>                                  | <u>\$ 9,937</u>          |

|                            | <b>Target Reserve</b>          |                                      |                                        |                  | <b>2003<br/>(\$000s)</b> |
|----------------------------|--------------------------------|--------------------------------------|----------------------------------------|------------------|--------------------------|
|                            | <b>2004<br/>(\$000s)</b>       |                                      |                                        |                  |                          |
|                            | <b>Catastrophic<br/>Claims</b> | <b>Adverse Claims<br/>Experience</b> | <b>Occupational<br/>Disease Claims</b> | <b>Total</b>     | <b>Total</b>             |
| Balance, beginning of year | \$ 13,160                      | \$ 12,732                            | \$ 6,277                               | \$ 32,169        | \$ 33,390                |
| Current allocation         | 240                            | 1,054                                | 499                                    | 1,793            | (1,221)                  |
| Balance, end of the year   | <u>\$ 13,400</u>               | <u>\$ 13,786</u>                     | <u>\$ 6,776</u>                        | <u>\$ 33,962</u> | <u>\$ 32,169</u>         |

|                                            | <b>2004<br/>(\$000s)</b> | <b>2003<br/>(\$000s)</b> |
|--------------------------------------------|--------------------------|--------------------------|
| Prevention and benefit enhancement reserve | \$ 10,663                | \$ 9,937                 |
| Target reserve                             | 33,962                   | 32,169                   |
| Rate transition reserve, end of year       | -                        | -                        |
| Total required reserves, end of year       | \$ 44,625                | \$ 42,106                |
| Deficiency in reserve funding              | (9,014)                  | (8,135)                  |
| Total reserves                             | <u>\$ 35,611</u>         | <u>\$ 33,971</u>         |



## 9. Employee Future Benefits

### a) Public Service Pension Plan

Contributions made to the Public Service Pension Plan by the board and its employees for the year were as follows:

|                          | 2004<br>(\$000s) | 2003<br>(\$000s) |
|--------------------------|------------------|------------------|
| Employees' contributions | \$ 165           | \$ 169           |
| Fund contributions       | 353              | 361              |
| Total                    | <u>\$ 518</u>    | <u>\$ 530</u>    |

### b) Other Benefits

The liability for employee non-pension benefits, including vacation, sick, compensatory and personal leave, travel bonus and severance at December 31, 2004 was as follows:

|                                                  | 2004<br>(\$000s) | 2003<br>(\$000s) |
|--------------------------------------------------|------------------|------------------|
| Accrued benefits, beginning of the year          | \$ 1,650         | \$ 1,327         |
| Adjustment at the end of the year                | (54)             | 448              |
| Net payments made during the year                | (117)            | (125)            |
| Accrued benefits, end of the year                | <u>\$ 1,479</u>  | <u>\$ 1,650</u>  |
| Short-term portion, included in accounts payable | \$ 483           | \$ 117           |
| Long-term portion                                | 996              | 1,533            |
|                                                  | <u>\$ 1,479</u>  | <u>\$ 1,650</u>  |

## 10. Related Party Transactions

### a) Normal Course of Business

As an agency of the Government of Yukon (the Government), the board is related to all government departments, agencies and Crown corporations. The board enters into transactions with these entities in the normal course of business and the transactions are recorded at the exchange amount. All mainframe computer software is owned by the Government. The board has access to the Government of Yukon's overall line of credit facility with its banker. This access provides the board with overdraft coverage when needed.

The Compensation Fund paid the Government \$527,000 (2003 - \$633,000) for building maintenance, computer, office supplies, payroll processing, recruitment, vehicle and rehabilitation services. The Fund also reimbursed the Government for payroll costs of \$4,706,000 (2003 - \$4,866,000).

The Government pays certain claims costs to the Compensation Fund for claims prior to 1993 and also reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance (note 2d). Supplementary compensation benefits are granted, pursuant to the Yukon Workers'



Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund.

Effective January 1, 1993, all Government employees were covered by the Fund. Revenues and recoveries from the Government of Yukon as at December 31, 2004 were as follows:

|                                     | <b>2004</b><br><b>(\$000s)</b> | <b>2003</b><br><b>(\$000s)</b> |
|-------------------------------------|--------------------------------|--------------------------------|
| Assessments                         | \$ 2,852                       | \$ 2,626                       |
| Recoveries - Mine Rescue ( note10b) | \$ 857                         | \$ -                           |
| Supplementary compensation benefits | \$ 394                         | \$ 461                         |
| Pre-93 claims costs                 | \$ 180                         | \$ 537                         |

As at December 31, 2004, balances due to and from related parties were as follows:

|                                                     | <b>2004</b><br><b>(\$000s)</b> | <b>2003</b><br><b>(\$000s)</b> |
|-----------------------------------------------------|--------------------------------|--------------------------------|
| Due to Government of Yukon                          | \$ 1,332                       | \$ 1,364                       |
| Due from Government of Yukon - Recoveries (note10b) | \$ 948                         | \$ 435                         |
| Due from Government of Yukon - Assessments          | \$ 161                         | \$ 155                         |

## b) Mine Rescue Recovery

On July 7, 2005, the Government of Yukon agreed that it owed the Fund a total amount of \$857,544 as at December 31, 2004 for the Mine Safety program, which was transferred to the board in 1993. This amount is comprised of recoveries for services provided by the board for management of the Mine Safety program from 2001 to 2004, inclusive, and has been included as recoveries and other receipts in 2004.

At the same time, the Government approved the reinstatement of ongoing of funding for the Mine Safety program through an annual grant to the board of \$329,500, beginning in fiscal 2005. This funding is to be reviewed by the Government, at a minimum, every five years.

## 11. Commitments

The board has commitments for office space, contribution agreements and professional legal and medical services for the next five years, in thousands of dollars, as follows:

|      |                 |
|------|-----------------|
| 2005 | \$ 361          |
| 2006 | 304             |
| 2007 | 169             |
| 2008 | 166             |
| 2009 | 98              |
|      | <u>\$ 1,098</u> |



## 12. Administration and Prevention Expenses

|                             | 2004<br>(\$000s) | 2003<br>(\$000s) |
|-----------------------------|------------------|------------------|
| Salaries and benefits       | \$ 4,781         | \$ 5,153         |
| Consulting and professional | 690              | 532              |
| Amortization                | 295              | 366              |
| Buildings                   | 255              | 298              |
| General administration      | 227              | 217              |
| Board expenses              | 214              | 192              |
| Communications              | 196              | 186              |
| Computer systems            | 170              | 206              |
| Automobile and travel       | 150              | 184              |
| Printing and publications   | 117              | 115              |
| Staffing and recruitment    | 73               | 82               |
| Supplies and stationery     | 36               | 44               |
| Furniture and equipment     | 23               | 9                |
|                             | <u>\$ 7,227</u>  | <u>\$ 7,584</u>  |

## 13. Contingencies

The board is responsible for future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, these liabilities cannot be estimated and are not included in the benefits liability. To address the future cost of these claims, an amount has been included in the target reserve for latent occupational diseases.

## 14. Fair value of Other Financial Instruments

The carrying value of accounts receivable, bank overdraft and accounts payable approximate their fair value given their short term to maturity.

## 15. Comparative Figures

Certain prior year's figures have been reclassified to conform with the current year's presentation.





